



**Dalrymple Bay**  
Infrastructure

# Prospectus

**Dalrymple Bay Infrastructure Limited**  
ACN 643 302 032

Joint Lead Managers:

**BofA SECURITIES** 

**citi** 

**CREDIT SUISSE** 

# Important Notices

## The Offer

The Offer contained in this prospectus (**Prospectus**) is an invitation by Dalrymple Bay Infrastructure Limited (ACN 643 302 032) (**DBI** or the **Company**) to acquire stapled securities each comprising a fully paid ordinary share in DBI and a non-interest bearing unsecured note issued by DBI (the **Stapled Securities** in DBI (**Offer**)).

The Prospectus is issued by DBI.

## References to DBI and the Restructure

DBI was incorporated on 7 August 2020 and does not currently own Dalrymple Bay Infrastructure Management Pty Ltd (**DBIM**) and DBT Trust (which are the main entities conducting the business of DBI as set out in this Prospectus) and the other entities which are to form part of the DBI Group as described in this Prospectus (**DBT Entities**).

In connection with the Offer, a restructure will occur under which DBI will be superimposed as the holding company of the DBT Entities (**Restructure**).

In connection with the Restructure, the Existing Securityholders will receive, as consideration for the DBT Entities, an amount equal to the proceeds of the Offer (net of certain amounts as more fully outlined in Section 11.6.1) once available. The Restructure is scheduled to take effect on or about the date of Completion of the Offer.

Unless otherwise specified, this Prospectus is prepared as if the Restructure has completed. References to DBI throughout this Prospectus are references to the corporate group that will exist following the Restructure. For example, the Investment Overview in Section 1 and the Company Overview in Section 4 describe DBI as if the Restructure has completed, and the Financial Information in Section 6 represents the combined business operations of DBI and its wholly owned subsidiaries (as if the Restructure has completed) for the financial years ended 31 December 2018 and 31 December 2019 and the half-years ended 30 June 2019 and 30 June 2020.

Further details regarding the Restructure are set out in Section 11.6.

## Lodgement and Listing

The Prospectus is dated 20 November 2020 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take any responsibility for the contents of the Prospectus or the merits of the investment to which the Prospectus relates.

## Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Stapled Securities will be issued on the basis of this Prospectus after the Expiry Date.

## Note to Applicants

The Offer contained in the Prospectus is not investment or financial product advice and does not take into account the investment objectives, financial position and particular needs of individual investors.

It is important that you read the Prospectus carefully and in its entirety before deciding to invest in DBI.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the financial performance of DBI. You should carefully consider these risks in light of your personal circumstances and seek professional advice from your accountant, tax adviser, stockbroker, lawyer or other professional adviser before deciding to invest. Some of the key risk factors that should be considered by prospective investors are set out in Section 7 of the Prospectus. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in the Prospectus, nor any other person, guarantees the performance of DBI, the repayment of capital or the payment of a return on the Stapled Securities.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by DBI, or any other person in connection with the Offer. You should rely only on information contained in the Prospectus when deciding whether to invest in DBI.

Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Limited, and Credit Suisse (Australia) Limited have acted as joint lead managers (**Joint Lead Managers**) to the Offer, Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited have acted as Co-Lead Managers to the Offer and Crestone Wealth Management Limited and Wilsons Corporate Finance Limited have acted as Co-Managers to the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which

is based on any statement made by them or by any of their affiliates or related bodies corporate, or any of their respective directors, officers, partners, employees, contractors, consultants, agents or advisers. To the maximum extent permitted by law, the Joint Lead Managers, Co-Lead Managers and Co-Managers and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, contractors, consultants, agents and advisers expressly disclaim all liabilities (whether in fault, negligence or otherwise) in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty, express or implies, as to the fairness, currency, accuracy, reliability, correctness or completeness of this Prospectus.

As set out in Section 9 of the Prospectus, it is expected that the Stapled Securities will be quoted on ASX initially on a conditional and deferred settlement basis. DBI, the Registry, the Joint Lead Managers, the Co-Lead Managers and the Co-Managers each disclaim all liability, whether in fault, negligence or otherwise, to persons who trade Stapled Securities before receiving their holding statement, even if such person received confirmation of their allocation from the Offer Information Line or confirmed their firm allocation through a Broker.

## Exposure Period

The *Corporations Act 2001* (Cth) (**Corporations Act**) prohibits DBI from processing Applications in the seven day period after the date of lodgement of the Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days (i.e. up to a total of 14 days). The Exposure Period enables the Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Prospectus.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

## No cooling-off rights

Cooling-off rights do not apply to an investment in Stapled Securities issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.



## Obtaining a copy of this Prospectus

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at [www.dbinfrastructure.com.au/offer/](http://www.dbinfrastructure.com.au/offer/) to persons who are Australian and New Zealand residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Retail Offer Period, this Prospectus is available in electronic form at [www.dbinfrastructure.com.au/offer/](http://www.dbinfrastructure.com.au/offer/). The Offer constituted by this Prospectus in electronic form at [www.dbinfrastructure.com.au/offer/](http://www.dbinfrastructure.com.au/offer/) is available only to persons within Australia and New Zealand. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may before the Retail Offer Period closes, obtain a paper copy of the Prospectus (free of charge) by telephoning the Offer Information Line on 1800 881 047 (within Australia) from 8.30am to 6.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

Applications for Stapled Securities may only be made during the Retail Offer Period on an Application Form attached to or accompanying this Prospectus.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

Refer to Section 9 for further information.

## Statements of past performance

This Prospectus includes information regarding the past performance of DBI. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## Financial Information presentation

Section 6 sets out the detail of the Financial Information referred to in this Prospectus. The basis of preparation and presentation of the Financial Information in the Prospectus is set out in Section 6.2.

All references to FY2018, FY2019 and FY2020 appearing in this Prospectus are to the financial years ended or ending 31 December 2018, 31 December 2019 and 31 December 2020, respectively,

unless otherwise indicated. All references to 1HY19 and 1HY20 appearing in this Prospectus are to the financial half years ended 30 June 2019 and 30 June 2020, respectively, unless otherwise indicated.

The Historical Financial Information is presented on both a statutory and pro forma basis and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB).

The Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Board. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

Investors should note that certain financial data included in the Prospectus is not recognised under the AAS and is classified as 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. DBI believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of DBI. The non-IFRS financial measures do not have standardised meanings under the AAS and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be interpreted as an alternative to other financial measures determined in accordance with the AAS. Investors are cautioned therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all disclosures, statements and comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Financial Information should be read in conjunction with, and is qualified by reference to, the information contained in Sections 6 and 7.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

## Investigating Accountant's Report on Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Historical Financial Information and Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The Investigating Accountant's Reports and accompanying financial services guide are provided in Section 10.

## Forward-looking statements

The Prospectus contains forward-looking statements, including the Forecast Financial Information in Section 6 of the Prospectus, which may be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of DBI.

DBI, the Board and DBIM cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

In particular, potential investors are strongly cautioned not to place reliance on forward-looking statements, particularly in light of the current economic uncertainties and disruption caused by the outbreak of COVID-19. A number of important factors could cause DBI's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including (but not limited to) the risks and uncertainties related to the ongoing impact of COVID-19.

## Important Notices (continued)

Forward-looking statements should be read in conjunction with the risk factors set out in Section 7 of the Prospectus, the assumptions contained in the Financial Information set out in Section 6 and other information in the Prospectus.

### Industry and market data

DBI has commissioned AME Mineral Economics Pty Ltd (**AME**) to provide certain information for inclusion in this Prospectus. Information provided by AME is referred to in the Prospectus as 'AME'.

This Prospectus, including the industry overview in Section 2, uses market data, statistics and third party estimates, projections and forecasts relating to the industries, segments and end markets in which DBI operates.

Such information includes, but is not limited to statements, statistics and data relating to product segment and market share, estimated historical and forecast market growth, market sizes and trends, and DBI's estimated market share and its industry position. DBI has obtained significant portions of the market data, statistics and other information from databases and research prepared by third parties, including reports and information prepared by the AME and other third parties, and other sources.

AME has advised that (i) some information in their databases is derived from their estimates or subjective judgements, (ii) the information in the databases of other coal industry data collection agencies may differ from the information in their databases, (iii) while AME believes that it has taken reasonable care in the compilation of the statistical and graphical information it has provided and believe it to be accurate and correct as at 25 September 2020, data compilation is subject to limited validation procedures and may accordingly contain errors, and (iv) the provision of such information does not obviate any need for investors to make appropriate further enquiries.

Investors should note that market data and statistics are inherently predictive, subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the third party estimates or projections contained in this information, including information provided by AME, will be achieved. DBI has not independently verified, and cannot give any assurances to the accuracy or completeness of, these market and third party estimates and projections. Estimates involve risks and uncertainties and are subject to change

based on various factors, including those discussed in the risk factors set out in Section 7.

### No offering where offering would be illegal

The Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Stapled Securities or the Offer, or to otherwise permit a public offering of Stapled Securities, in any jurisdiction outside Australia and New Zealand.

The distribution of the Prospectus outside Australia or New Zealand (including electronically) may be restricted by law and persons who come into possession of the Prospectus outside Australia and New Zealand should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Stapled Securities in certain jurisdictions outside of Australia and New Zealand, please refer to Section 11.9.1.

This Prospectus may not be distributed to, or relied upon by, persons in the United States, unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer. The Stapled Securities have not been, and will not be, registered under the US Securities Act or any securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States unless the Stapled Securities are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

The Offer is not being extended to any investor outside of Australia and New Zealand, other than to certain Institutional Investors as part of the Institutional Offer.

Please refer to Section 11.9.1 of the Prospectus for more detail on selling restrictions that apply to the Offer and the sale of Stapled Securities in jurisdictions outside of Australia and New Zealand.

### Privacy

By filling out the Application Form to apply for Stapled Securities, you are providing personal information to DBI through DBI's service provider, Link Market Services Limited ACN 083 214 537 (**Registry**), which is contracted to manage Applications. DBI, and the Registry on its behalf, may collect, hold and use that personal

information in order to process your Application, service your needs as a Securityholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the *Income Tax Assessment Act 1997* (Cth) and the Corporations Act.

If you do not provide the information requested in the Application Form, DBI and the Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by DBI, which it considers may be of interest to you.

Your personal information may also be provided to DBI's members, agents and service providers on the basis that they deal with such information in accordance with DBI's privacy policy. The members, agents and service providers of DBI may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Securityholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Stapled Securities and for associated actions.

If an Applicant becomes a Securityholder, the Corporations Act requires DBI to include information about the Securityholder (including name, address and details of the Stapled Securities held) in its public register of members. If you do not provide all the information requested, your Application may not be able to be processed.

The information contained in DBI's register of members must remain there even if that person ceases to be a Securityholder. Information contained in DBI's register of members is also used to facilitate dividend payments and corporate



communications (including DBI's financial results, annual reports and other information that DBI may wish to communicate to its Securityholders) and compliance by DBI with legal and regulatory requirements. An Applicant has a right to gain access to the information that DBI and the Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to DBI's registered office or the Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of the Prospectus.

Applicants can obtain a copy of DBI's privacy policy by visiting DBI's website [www.dbinfrastructure.com.au](http://www.dbinfrastructure.com.au).

### Photographs and diagrams

Photographs used in the Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by DBI. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

### Website

DBI maintains a website at [www.dbinfrastructure.com.au](http://www.dbinfrastructure.com.au). Any references to documents included on DBI's website are for convenience only, and information contained in or otherwise accessible through this or a related website is not a part of this Prospectus.

### Applications

Applications may be made only during the Retail Offer Period (as applicable) on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from [www.dbinfrastructure.com.au/offer/](http://www.dbinfrastructure.com.au/offer/). By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

### Glossary

Certain terms and abbreviations used in the Prospectus have defined meanings which are explained in the Glossary in Appendix C. Unless otherwise stated or implied, reference to times in this Prospectus are to the time in Sydney, Australia.

### Questions

Instructions on how to apply for Stapled Securities are set out in Section 9 of this Prospectus and on the back of the provided Application Form.

If you have any questions about how to apply for Stapled Securities, please call your Broker (in relation to the Broker Firm Offer). Alternatively, call the Offer Information Line on 1800 881 047 from 8.30am to 6.00pm (Sydney time), Monday to Friday.

### Important notice to New Zealand Investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001 (Aust)* and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001 (Aust)* and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

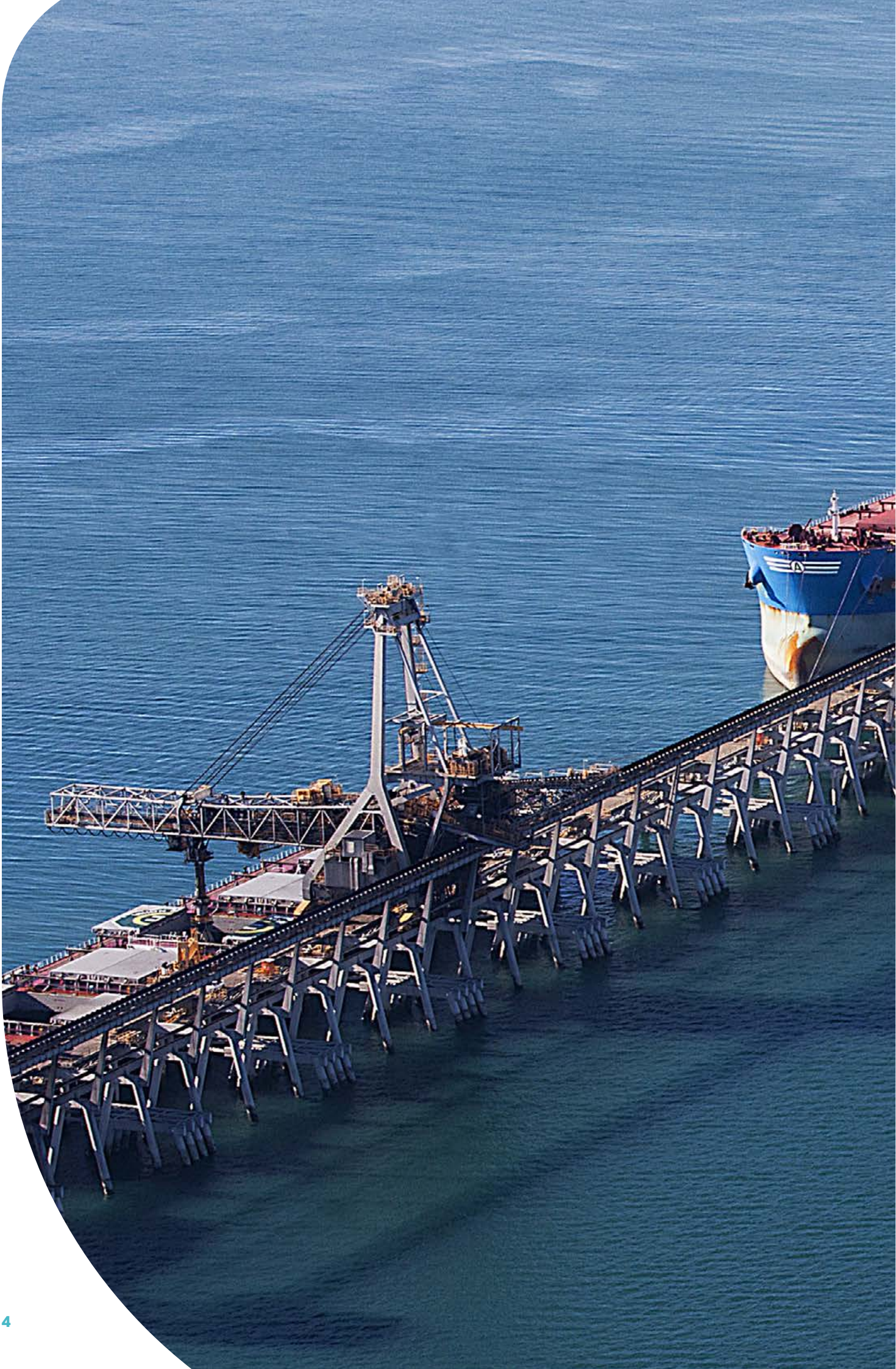
The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

A copy of this Prospectus, other documents relating to the Offer and a copy of the Constitution have been, or will be, lodged with the New Zealand Companies Office and are, or will be, available at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose) (offer number, OFR12977). While the Offer is being extended to New Zealand investors under the Mutual Recognition Regime, no application for listing and quotation is being made to NZX Limited (NZX).









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# Important Information

## Key offer statistics and important dates

Key Dates	
Prospectus lodgement date	20 November 2020
Broker Firm Offer opens	30 November 2020
Broker Firm Offer closes	4 December 2020
ASX listing and expected commencement of trading on a conditional and deferred settlement basis	8 December 2020
Settlement of the Offer	9 December 2020
Allotment and commencement of trading on an unconditional and normal settlement basis	10 December 2020
Expected dispatch of holding statements	11 December 2020

**The dates above are indicative only and may be subject to change without notice.**

DBI, in consultation with the Joint Lead Managers, reserves the right to vary any or all of these times and dates, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, including to close the Offer early, extend the Offer, defer the closing date, accept late Applications either generally or in particular cases, allot Stapled Securities at different times to Investors, or withdraw the Offer, without prior notification. The quotation and commencement of trading of the Stapled Securities are subject to confirmation from the ASX. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

Investors are encouraged to submit their Application Forms as early as possible after the Offer opens. Times stated throughout this Prospectus refer to Sydney Time.



## Key Offer Statistics<sup>1</sup>

Offer Price	\$2.57 per Stapled Security
Total Proceeds under the Offer	\$1,286m
Total offer size available to new investors under the Offer	at least \$656m
Net Proceeds to Existing Securityholders after BIP reinvestment <sup>2</sup>	at least \$357m
Total number of Stapled Securities available under the Offer <sup>3</sup>	500m
Total number of Stapled Securities to be held by BIP at Completion of the Offer <sup>4</sup>	up to 245m
Total number of Stapled Securities to be held by new Securityholders at Completion of the Offer	at least 255m
Percentage of Stapled Securities held by new investors at Completion of Offer	at least 51.0%
Indicative market capitalisation <sup>5</sup>	\$1,286m
Pro forma net debt <sup>6</sup>	\$1,788m
Indicative Enterprise Value <sup>7</sup>	\$3,074m
Expected annualised distribution yield for FY21 distribution <sup>8</sup>	7.00%
Indicative Enterprise Value / Pro-forma FY2020 EBITDA <sup>9</sup>	16.6x

### Notes:

1. This table contains Forecast Financial Information and information derived from Forecast Financial Information. Forecast Financial Information is set out in Section 6.7, and is prepared on the basis of the best estimate assumptions set out in Section 6.7.1. It should be read in conjunction with the discussion of the Pro Forma Historical Financial Information in Section 6.6, as well as the sensitivities set out in Section 6.8. This table also contains non-IFRS financial measures, which are discussed in Section 6.2.5.
2. Net Proceeds to Existing Securityholders after BIP reinvestment is calculated as 51% of Total Proceeds under the Offer less repayment of Existing Indebtedness of \$170.0m less Transaction Costs of \$128.6m (refer to Table 9.1 and Section 11.6.1 for further information).
3. The total number of Stapled Securities available under the Offer (500,277,933 Stapled Securities) is approximately the same as the total number of Stapled Securities on issue at Completion (there will be 500,277,934 Stapled Securities on issue at Completion, including one additional Stapled Security held by BIP related to the one Share that BIP currently holds in DBI).
4. Assumes BIP reinvests in Stapled Securities such that BIP will retain an aggregate interest of up to 49% in DBI after Completion (refer to Section 11.6.1 for further information). Other Existing Securityholders may also elect to invest in the Institutional Offer and references in this Prospectus to new Securityholders and new investors include any such investments.
5. Indicative market capitalisation is calculated as the Offer Price multiplied by the total number of Stapled Securities on Issue immediately after Completion of the Offer. Stapled Securities may trade below, at or above the Offer Price.
6. Pro forma net debt (estimated amount as at 31 December 2020) is calculated as the sum of the debt facilities less forecast repayment of debt and pro forma cash and cash equivalents.
7. Indicative Enterprise Value is calculated as the indicative market capitalisation of \$1,286m (based on the Offer Price) plus pro forma net debt of \$1,788m.
8. Based on 1HY21 forecast distribution grossed up for 12 months divided by the Company's indicative market capitalisation. The payment of a distribution by the Company is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any distribution and the level of franking on any such distribution. For more information on the DBI's distribution policy, refer to Section 6.11.
9. This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the Indicative Enterprise Value (based on the Offer Price) divided by pro forma forecast EBITDA for the 12 months ending 31 December 2020 (refer to Section 6.2.5 for an explanation of EBITDA).

# Chair's Letter



## Dear Investor,

On behalf of the Board, I am pleased to offer you the opportunity to become a Securityholder in DBI.

DBI holds the 99-year lease<sup>1</sup> of Dalrymple Bay Terminal (DBT), an infrastructure asset that forms a critical link in the global steelmaking supply chain. DBT was commissioned in 1983 and is located proximate to the Bowen Basin in Queensland, Australia. It is the world's largest metallurgical coal export terminal, handling 15% of global metallurgical coal in 2019,<sup>2</sup> and is an important contributor to the Queensland economy.

An investment in DBI is an investment in a company that has:

- a utility-like risk profile and an attractive commercial framework that is expected to deliver stable cash flows;
- security of income through long-term take or pay contracts for 100% of terminal capacity,<sup>3</sup> with pass through of operating costs;
- an attractive forecast distribution yield;<sup>4</sup>
- a conservative target payout ratio that is expected to facilitate growth in distributions per Stapled Security; and
- an investment grade balance sheet.

DBI maintains longstanding relationships with its key customers as access to DBT is highly strategic given DBT's close proximity to the world's largest metallurgical coal export region, containing some of the world's highest quality metallurgical coal reserves, and the growing demand regions in Asia.<sup>2</sup>

The Board is excited about the future of DBI. In response to growing customer demand and the execution of conditional access agreements with new access seekers, DBI has made substantial progress toward the next phase of expansion of DBT. In addition, the recent decision of the QCA in relation to the regulatory arrangements that could apply to DBT from 1 July 2021 indicates that DBT may transition to a commercial price setting framework under which tariffs are negotiated directly with customers.<sup>5</sup> The expansion of DBT and this proposed transition to a lighter handed regulatory framework presents important opportunities for jobs and investment in Queensland and DBI's Board and management team will be focused on realising value for all stakeholders through these processes.

DBI is committed to industry leading Environment, Social and Governance (ESG) and sustainability principles. A sustainability strategy (**Sustainability Strategy**) for DBT has been developed by DBI and the Operator of DBT to build on programs and initiatives that are already in place. The Sustainability Strategy is based on the United Nations Sustainable Development Goals (**UN Sustainability Goals**) and established principles which are embedded in daily operations, decision making and long term planning to ensure the operation of DBT is efficient, safe and sustainable.

1. The lease period commenced on 15 September 2001 and is structured with a 50 year initial lease period and a 49 year extension option (at the option of DBT Trustee). The option to extend the lease may be exercised at any time between September 2045 and September 2047. DBI was incorporated on 7 August 2020 and does not currently own the DBT Trustee or DBIM. In connection with the Offer, a Restructure will occur under which DBI will be superimposed as the holding company of the DBT Entities (including the DBT Trustee and DBIM). The Restructure is scheduled to take effect on or about the date of Completion.

2. AME.

3. DBI contracts to the independently assessed 'System Capacity' which is currently 84.2Mtpa. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under negotiation with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4Mtpa of capacity that would otherwise expire between June 2031 and June 2033.

4. The annual distribution growth target is based on various assumptions set out in Section 6.11. The payment of distributions by DBI is at the discretion of Directors.

5. This is subject to DBT continuing to be a "declared service" under the QCA Act and subject to regulation by the QCA. See Section 3.5.1 for a discussion of the circumstances in which DBT may cease to be regulated by the QCA.





DBI is led by a highly experienced and long tenured management team. Anthony Timbrell, our Chief Executive Officer (CEO), has over 24 years of industry experience including 12 years with DBI. He and the management team have overseen substantial investment in DBI and have successfully managed important regulatory processes over a long period. There is a strong, industry-led Board that will comprise three Non-Executive Independent Directors, including myself as independent Chair, one Brookfield representative Non-Executive Director and the CEO.

The stability of DBI's strong operating cash flow is expected to support a 1HY21 distribution of \$45m. DBI's distribution policy is to distribute between 60% and 80% of funds from operations and, reflecting the stability of DBI's cashflows and prospects for growth through expansions and price setting, DBI will target between 1% and 2% annual growth in distributions per Stapled Security.<sup>6</sup> The financial policies set by the Board also reflect an ongoing commitment to ensure that DBI remains investment grade.

BIP Bermuda Holdings IV Limited (BIP) (which is managed by Brookfield) may hold up to 49% of the Stapled Securities on issue at Completion of the Offer and has entered into a voluntary escrow agreement in relation to these Stapled Securities. Under the escrow agreement, BIP may dispose of one third of the Stapled Securities it holds following completion of the IPO after DBI releases its 1HY21 results, a further one third of the Stapled Securities after DBI releases its full year FY21 financial results and the balance of the Stapled Securities when DBI releases its half year ending 30 June 2022 financial results.

Given the environment in which it operates, DBI is exposed to a range of operating and regulatory risks. These risks include the potential for adverse regulatory outcomes, cost and time overruns associated with expansion works and default by key customers. Risks associated with an investment in DBI are set out in Section 7.

The Prospectus contains detailed information about the Offer and the key risks associated with an investment in DBI. I encourage you to read the Prospectus carefully, and in full, before making your investment decision.

On behalf of the Board, I look forward to welcoming you as a Securityholder of DBI.

Yours sincerely

Hon. Dr David Hamill AM

**Chair,**  
Dalrymple Bay Infrastructure

6. The annual distribution growth target is based on various assumptions set out in Section 6.11. The payment of distributions by DBI is at the discretion of Directors.





## Section 1

# Investment Overview



# 1. Investment Overview

## 1.1. Introduction

Topic	Summary	Further information
Who is DBI?	<p>DBI is an Australian infrastructure company. Through wholly owned entities, DBI owns a 100% interest in the 99 year lease<sup>7</sup> of DBT, the world's largest export metallurgical coal facility.<sup>8</sup></p> <p>DBI provides an opportunity to invest in an infrastructure company listed on the ASX with an attractive yield, supported by a regulated utility-like risk profile that is expected to deliver predictable and stable cash flows. DBI is also positioned to deliver capital growth from DBT's well-defined expansion pathway.</p>	Section 4.1
What is DBT?	<p>DBT is a regulated multi-user export terminal with current capacity of 85Mtpa (<b>Nameplate Capacity</b>). It is located within the Port of Hay Point, approximately 38km south of Mackay and 900km north of Brisbane.</p> <p>DBT services mines in the Bowen Basin, a 60,000 square km region in central Queensland that is the world's largest metallurgical (or <b>met</b>) coal export region.<sup>8</sup> Metallurgical coal is used for steel production. DBT supports mines in the Bowen Basin to provide a reliable supply of metallurgical coal to steel producers in export markets. Approximately 80% of coal shipped through DBT in 2019 was metallurgical coal.</p> <p>DBT is the lowest cost multi-user export pathway for mines located in the central area of the Bowen Basin on average.<sup>9</sup></p>	Section 4.2
What is DBT's history?	<p>DBT was constructed by the Queensland Government and commenced operations in 1983. DBT has operated continuously since that time. The foundation customers of DBT were Rio Tinto, Glencore, Anglo American and BHP Mitsui (<b>BMC</b>).<sup>10</sup></p> <p>Since commissioning, DBT has been expanded over seven different phases from its original capacity of 14.55Mtpa in 1983 to its current Nameplate Capacity of 85Mtpa in order to facilitate the increase in exports from central Bowen Basin mines.</p>	Section 4.2
Who currently owns DBI?	<p>DBI is currently owned by funds managed by Brookfield Infrastructure Partners L.P. (<b>Brookfield</b>) and co-investors managed or advised by Brookfield. Brookfield is a global alternative asset manager that has a strategy of investing in long life, high quality assets and businesses that deliver strategic infrastructure for today's global economy. BIP (which is managed by Brookfield) may own up to 49% of DBI following the Initial Public Offering (<b>IPO</b>).</p>	Section 4.1

7. The lease period commenced on 15 September 2001 and is structured with a 50 year initial lease period and a 49 year extension option (at the option of DBT Trustee). The option to extend the lease may be exercised at any time between September 2045 and September 2047.

8. AME.

9. QCA Draft Recommendation, Part C, DBCT, December 2018, page 15 – 16.

10. The foundation mines were Pacific Coal's Blair Athol mine, BMC's Riverside mine, the Shell Petroleum Company's German Creek mine and Mount Isa Mines' Oaky Creek mine. Foundation User, Rio Tinto, is no longer a User of the terminal due to the sale of their coal assets in 2018.

## 1. Investment Overview (continued)

Topic	Summary	Further information
What is being offered?	<p>The Offer is an offer of Stapled Securities, comprising a Share in DBI and an unsecured note issued by DBI, which will be stapled together and traded as a single stapled security. The unsecured note (a <b>DBI Note</b>) will be:</p> <ul style="list-style-type: none"><li>• non-interest bearing;</li><li>• mature on 30 September 2030 and be repayable at the discretion of DBI from time to time before that date; and</li><li>• subordinated to all other creditors of DBI.</li></ul>	<b>Section 11</b>
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none"><li>• provide Existing Securityholders with an opportunity to realise all or part of their investment;</li><li>• enhance DBI's financial flexibility to pursue its business strategies and identified growth opportunities; and</li><li>• create a liquid market for the Stapled Securities.</li></ul>	<b>Section 9</b>

### 1.2. Key features of DBI

Topic	Summary	Further information
What industry does DBI operate in?	<p>DBT is a critical link in the global steelmaking supply chain. Steel is used extensively in a broad range of industrial applications due to its affordability, strength and versatility, including construction, infrastructure, transport, manufacturing and consumer durables.<sup>11</sup></p> <p>DBT is the world's largest export metallurgical coal facility and handled 15% of global export metallurgical coal volumes in 2019.<sup>11</sup> Coal handled by DBT is exported to over 25 countries, with core markets comprising China, Japan, Korea, Taiwan and India.</p> <p>Export metallurgical coal demand is expected to be underpinned by relatively stable demand from Japan, Korea and Taiwan, due to their lack of domestic metallurgical coal reserves, as well as a mature steel industry in China. India and South East Asia (<b>SEA</b>) are expected to be the key drivers of an increase in export metallurgical coal demand, with both expected to continue developing through increased industrialisation, driving up steel production.<sup>11</sup></p>	<b>Section 2.2 and 2.3</b>

11. AME.



Topic	Summary	Further information
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### Who are the key DBT stakeholders?

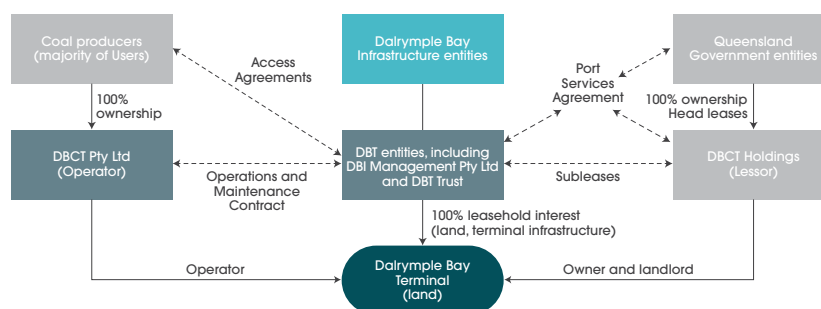
DBT's legal and operational framework reflects a broad set of stakeholder relationships and the current regulation of access to the terminal.<sup>12</sup> These arrangements contribute to a material de-risking of operational, financial and interface issues for DBI.

The package of leases between the Queensland Government, acting through DBCT Holdings Pty Ltd (**DBCT Holdings** or **State Lessor**), and a Group entity, DBT Trust, grants DBI tenure over DBT land and over certain plant and equipment located at DBT (**DBT Leases**). DBT Trust in turn sub-leases the DBT Leases to DBIM, another Group entity and the manager of DBT.

The operator of DBT, Dalrymple Bay Coal Terminal Pty Ltd (**Operator**) is owned by a majority of DBT's customers (**Users**) (by contracted tonnage) and is responsible for day-to-day management of DBT under the evergreen Operations and Maintenance Contract (**OMC**).

The simplified structure diagram below demonstrates the relationships between the key entities:

Figure 1.1: Simplified structure



### How is access to DBT currently governed?

Services at DBT are currently subject to regulation by the Queensland Competition Authority (**QCA**), Queensland's independent economic regulator. DBT's services are declared under the *Queensland Competition Authority Act 1997 (QCA Act)* and subject to a third party access regime which provides a framework for setting the terms and conditions upon which access to DBT is provided.

Section 4.4.1

Section 3

12. DBI is of the view that DBT does not meet the criteria for formal economic regulation and has filed an application for judicial review of the Treasurer's decision that DBT's declaration should be extended for a further 10 years (see Section 3.5.1).

## 1. Investment Overview (continued)

Topic	Summary	Further information
What is DBI's business model?	<p>DBI generates revenue from Users through the following access charges:</p> <ul style="list-style-type: none"> <li>• the Terminal Infrastructure Charge (<b>TIC</b>) levied per tonne of contracted capacity on a take-or-pay basis; and</li> <li>• a handling charge which consists of: <ul style="list-style-type: none"> <li>– a fixed handling charge, levied per tonne of contracted capacity; and</li> <li>– a variable handling charge, levied based on actual use (although, despite being based on actual use, as noted below, the net contribution of handling charges to DBI's cash flow is nil).</li> </ul> </li> </ul> <p>The handling charge represents a full pass-through of terminal operations and maintenance (<b>O&amp;M</b>) costs (reflecting User ownership of the Operator), and therefore insulates DBI from variability in these costs.<sup>13</sup></p> <p>The way in which revenue is derived minimises DBI's exposure to volume, coal price and operating cost risk, and therefore underpins what has historically been a predictable, stable cash flow profile.</p> <p>DBI's key costs are split into:</p> <ul style="list-style-type: none"> <li>• <b>Interest expense</b> – relates to interest on DBI's senior secured debt;</li> <li>• <b>Handling charges</b> – equal to the sum of the fixed and variable handling charges so that the net contribution of handling charges to DBI's cash flow is nil; and</li> <li>• <b>General &amp; administrative expenses (G&amp;A)</b> – includes employee benefits and other corporate costs (e.g. office rent, utilities, legal fees, pass-through of the fee charged by QCA (<b>QCA Levy</b>) and insurance costs). An allowance for corporate overheads is currently included in the annual revenue requirement (<b>ARR</b>). Following the IPO, DBI will also incur costs associated with being a company listed on the ASX. DBI does not pay lease payments for DBT as the rental balance was pre-paid when the long term lease of DBT was acquired.<sup>14</sup></li> </ul>	Section 6
Who are DBI's main customers?	<p>DBT's User portfolio includes a diversified list of some of the world's leading global mining companies and highly experienced coal producers. There are currently 17 mines that utilise DBT. Six of the Users account for approximately 90% of the current contracted tonnage in 2020. These key Users include: Anglo American, BMC, Fitzroy Resources, Glencore, Middlemount South and Peabody.<sup>15</sup></p>	Section 4.6

13. The Operator is reimbursed monthly for 1/12 of the Operator's budget (plus margin) with quarterly reconciliations to actual expenditure (plus margin) whereas Users are invoiced monthly for 1/12th of the Operator's budget (including margin) with an annual reconciliation after 30 June.

14. For the 2006 leases, a "top up" payment is required if the amount of the security deposit is insufficient to cover the rental obligations at any time, which payment is not expected by DBI to be material.

15. Foundation User, Rio Tinto, is no longer a User of the terminal due to the sale of their coal assets in 2018.



Topic	Summary	Further information
What is the current contracted profile of DBT?	<p>Capacity at DBT is fully contracted to 84.2Mtpa<sup>16</sup> from July 2022 to June 2028 on a 100% take-or-pay basis with evergreen renewal options.</p> <p>In addition, there is currently a queue for access to DBT (<b>Access Queue</b>) from July 2020 to June 2035. The Access Queue is comprised, in aggregate, of up to approximately 25Mtpa above DBT's existing capacity.</p>	Section 4.7 and 4.10
What are DBI's growth options?	<p>DBT retains significant expansion optionality to accommodate the Access Queue, as well as the expected future growth in metallurgical coal exports from the Bowen Basin.</p> <p>DBT has a well-defined technical and commercial pathway to expand capacity to 97.5Mtpa (<b>8X Expansion</b>), with potential for further expansion to 135.7Mtpa (<b>9X Expansion</b>).</p> <p>Given DBI's assessment of the depth and quality of the Access Queue, anticipated demand in end markets for metallurgical coal, relatively strong Bowen Basin mine economics, and the number of quality metallurgical coal projects in the development pipeline, DBI has commenced the process for the 8X Expansion.</p>	Section 4.11
What is DBI's corporate strategy?	<p>DBI's objective is for DBT to provide safe and efficient port infrastructure and services for producers and consumers of high quality Australian coal exports. By providing operational excellence and options for capacity expansions to meet expected strong export demand, DBI intends to deliver value to Securityholders through distributions, ongoing investment and capital growth.</p> <p>DBI's corporate strategy is to:</p> <ul style="list-style-type: none"> <li>• deliver an attractive yield for Securityholders via distributions that are underpinned by stable and predictable cash flows within a capital management framework to ensure it remains investment grade;</li> <li>• maintain and enhance relationships with stakeholders across the supply chain including customers, regulators, government and the communities in which it operates;</li> <li>• if approved by the regulator, manage a smooth transition to a light handed regulatory framework;</li> <li>• support the expected growth in metallurgical coal exports from the central Bowen Basin through delivering well-progressed, embedded capacity expansion at DBT;</li> <li>• explore long term growth options, including further expansion of DBT capacity and other infrastructure opportunities where management can leverage their experience and capabilities; and</li> <li>• focus on long term sustainability of operations in line with the UN Sustainability Goals by recognising the important role DBT plays in the environment, with its employees and within the community.</li> </ul>	Section 4.2.1

16. Users may terminate their take-or-pay contracts with five years notice. DBI contracts to the independently assessed 'System Capacity' which is currently 84.2Mtpa. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under negotiation with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4Mtpa of capacity that would otherwise expire between June 2031 and June 2033.

## 1. Investment Overview (continued)

### 1.3. Key features of DBI's commercial framework

Topic	Summary	Further information
What are the key features of DBT's current commercial framework?	<p>DBT's regulatory framework is reflected in a QCA-approved access undertaking (<b>Access Undertaking</b>) that sets out the terms of terminal access, the process to negotiate access to DBT and the process for resolving disputes, as well as the Standard Access Agreement (<b>SAA</b>) under which customers contract to access DBT.<sup>17</sup></p> <p>The Access Undertaking is reviewed by the QCA every five years. The current Access Undertaking for DBT was approved in February 2017 (<b>2017 Access Undertaking</b>) (with pricing backdated to 1 July 2016) and expires on 1 July 2021.</p> <p>DBT's regulatory regime is supported by its contractual framework which is designed to minimise DBI's exposure to volume risk, loss of Users and non-payment by Users. Key mitigation mechanisms currently reflected in the Access Undertaking and SAA include:</p> <ul style="list-style-type: none"><li>• take-or-pay contract structure;</li><li>• revenue socialisation;</li><li>• User security;</li><li>• compliance and variation processes; and</li><li>• O&amp;M cost pass through.</li></ul>	Section 3.1
How is revenue determined under the 2017 Access Undertaking?	<p>The current regulatory framework is mature and transparent. The QCA currently sets access prices at DBT under a revenue cap model. The ARR for DBT is determined based on a 'building blocks' methodology which provides for a regulated return on DBT's asset base. A single reference tariff, referred to as the TIC, is paid by all customers. The TIC is payable for each contracted tonne at DBT and is calculated by dividing the ARR by the total contracted tonnage.</p> <p>Under the current regulatory framework, the ARR and resulting TIC are set at the beginning of each regulatory period and are subject to both annual and ad-hoc adjustments during the period. These adjustments are based on the principle that DBI should recover all the revenue to which it is entitled. DBI has recovered 100% of its ARR entitlements since regulation commenced.</p>	Section 3.2
How will DBT access be governed when the 2017 Access Undertaking expires?	<p>The process of determining the Access Undertaking for the period from 1 July 2021 to 30 June 2026 (<b>2021 Access Undertaking</b>) is ongoing.</p> <p>In the 2019 Draft Access Undertaking (<b>DAU</b>), DBIM proposed a transition to a lighter handed regulatory framework. The QCA released a draft decision in response to the DAU on 26 August 2020 (the <b>Draft Decision</b>). In the Draft Decision the QCA has indicated that a lighter handed framework may be appropriate to approve subject to certain amendments being made to the proposed DAU.</p>	Section 3.5

17. This reflects the current regulatory position, as does this section 1.3 generally. However, DBI is of the view that DBT does not meet the criteria for formal economic regulation and has filed an application for judicial review of the Treasurer's Decision that DBT's declaration should be extended for a further 10 years (see Section 3.5.1).



Topic	Summary	Further information
<p><b>How will DBT access be governed when the 2017 Access Undertaking expires?</b> (continued)</p>	<p>Under the lighter handed framework proposed in the DAU, access to DBT would remain regulated and key elements of its commercial and risk profile would remain materially unchanged. However, the TIC would be determined through commercial negotiations between DBIM and individual Users and potential new customers (<b>Access Seekers</b>). As a result, the TIC would no longer be set by the QCA at the commencement of each regulatory period, and would not be based on the application of the historical building block methodology.</p> <p>The QCA would act as arbitrator in the event there is a dispute between DBIM and a User or an Access Seeker. In conjunction with the Draft Decision, the QCA also published draft guidelines in relation to how it would conduct any arbitration (<b>Arbitration Guidelines</b>). Importantly, the Arbitration Guidelines are procedural in nature and principles based, rather than outlining prescriptive assessment criteria, so as to facilitate effective negotiations.</p> <p>The QCA sought stakeholder submissions on the Draft Decision and the Arbitration Guidelines by 23 October 2020. Stakeholders, including DBIM, made submissions by the due date. The QCA held a stakeholder forum on 18 November 2020 and has called for additional submissions by 4 December 2020.</p> <p>The QCA will then determine whether to approve the DAU in February 2021,<sup>18</sup> and the amendments DBIM is required to make in the event the DAU is not approved. The effective date of the 2021 Access Undertaking will be July 2021.<sup>19</sup></p> <p>Key mitigation mechanisms have been retained under the lighter-handed framework proposed by DBI in the DAU. The existing take-or-pay obligations and security requirements will continue to operate. In addition, the Access Agreements expressly contemplate negotiated outcomes with individual Users (and recourse to arbitration in the event of a dispute) and can therefore accommodate a lighter-handed framework.</p> <p>Other important aspects of the current Access Undertaking have been substantively preserved in the DAU proposed by DBIM with amendments designed to facilitate negotiation with each User. Variations to the TIC would continue to be made annually and on occurrence of a review event; however, these variations would be made without QCA involvement unless there is a dispute.</p> <p>Socialisation has also been preserved in the DAU proposed by DBIM; however, the mechanism has been adjusted such that contracted volumes, rather than the ARR, are allocated proportionately across remaining Users in the event of a User default. The QCA has indicated in its Draft Decision that it considers socialisation based on contracted tonnage to be compatible with a lighter-handed framework and that DBI's risk profile is fundamentally unchanged under the DAU.<sup>20</sup> The DBT User group submission included additional analysis of the socialisation mechanism and the mechanism proposed in the DAU may be further amended in response to these submissions. DBI remains of the view that a socialisation mechanism is appropriate, particularly given it is included in the Access Undertaking.</p>	<p><b>Section 3.5</b></p>

18. Indicative date based on guidance provided by the QCA in the Draft Decision.

19. The judicial review process referred to in footnote 17 is expected to conclude in 2021.

20. QCA, 2019 Draft Access Undertaking, 26 August 2020.

## 1. Investment Overview (continued)

### 1.4. Key financial metrics

Topic	Summary	Further information
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What is DBI's historical and forecast financial performance?

A summary of DBI's statutory historical and statutory forecast financial information, and pro forma historical and pro forma forecast financial information is set out below.

Section 6.3

Figure 1.2: Statutory historical and forecast financial information

\$m	Statutory Historical				Statutory Forecast	
	FY18	FY19	1HY19	1HY20	FY20F <sup>21</sup>	1HY21F
TIC revenue	198.8	199.3	99.8	99.5	16.8	100.9
Handling Charges	212.5	243.2	113.7	121.9	21.3	129.3
EBITDA	189.1	189.5	94.3	95.5	(113.4)	92.5
EBIT	164.3	164.2	81.9	82.8	(116.6)	73.1
Net Profit	94.4	95.8	49.6	46.7	(115.5)	14.3

Figure 1.3: Pro Forma historical and forecast financial information

\$m	Pro Forma Historical				Pro Forma Forecast	
	FY18	FY19	1HY19	1HY20	FY20F	1HY21F
TIC revenue	198.8	199.3	99.8	99.5	200.4	100.9
Handling Charges	212.5	243.2	113.7	121.9	251.2	129.3
EBITDA	180.2	183.0	92.1	92.8	184.7	92.5
EBIT	142.3	144.6	73.1	73.5	146.0	73.1
Net Profit	24.6	26.4	16.0	14.1	26.7	14.3

The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 6, including the pro forma adjustments, assumptions, management discussion and analysis and sensitivity analysis, as well as the key risks set out in Section 7.

What is the basis of preparation of DBI's financial statements?

The Statutory Historical Financial Information and the Statutory Forecast Financial Information have been prepared in accordance with the measurement and recognition principles of AAS issued by the AASB, which are consistent with IFRS issued by the IASB and DBI's accounting policies.

Section 6.2

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and Statutory Forecast Financial Information adjusted for certain transactions and pro forma adjustments.

21. Statutory FY20F reflects results from 1 December 2020 to 31 December 2020.



Topic	Summary	Further information
<b>What is DBI's distribution payout policy?<sup>22</sup></b>	<p>DBI's distribution policy is to distribute between 60% and 80% of FFO, allowing for growth in distributions in line with underlying FFO growth. DBI is targeting between 1% and 2% annual growth in distributions per Stapled Security on the assumptions set out in Section 6.11.</p> <p>In circumstances where there is surplus FFO, at the discretion of the Board and in light of business and market conditions, DBI may consider the potential for additional returns by either repaying principal amounts of the DBI Notes, or through share buy-backs subject to requirements under the Corporations Act.</p>	<b>Section 6.11</b>

## 1.5. Investment highlights

Topic	Summary	Further information
<b>Critical link in the global steelmaking supply chain</b>	DBT is a globally significant export facility and critical part of the global steelmaking value chain, handling more than 30% of Queensland coal exports and 15% of global export metallurgical coal volumes in 2019. <sup>23</sup>	<b>Section 2.1 and 4.2</b>
<b>Contractual framework which mitigates risk and has historically delivered predictable, and stable cash flows</b>	<p>DBT's current contractual framework includes key mitigation mechanisms which deliver DBI predictable and stable cash flows within regulatory periods.</p> <p>Throughput risk is mitigated by take-or-pay structures in the Access Agreements under which Users must continue to make payments for contracted tonnage independent of throughput, and irrespective of the occurrence of a force majeure event.<sup>24</sup></p> <p>Contracted tonnage risk is currently mitigated by the ability under the Access Undertaking to socialise lost revenue (i.e. it is recovered from remaining Users) when a contract is terminated following a customer default or following changes in contracted tonnage.</p> <p>The pass through of O&amp;M costs further underpins the stability of the cash flows and high FFO margins.</p>	<b>Section 3</b>
<b>Potential for smooth transition to lighter-handed regulation</b>	<p>There is potential for commercial upside through the proposed transition to negotiating prices with Users under the lighter-handed regulation in the 2021 Access Undertaking.</p> <p>The QCA has indicated its support for this transition in its Draft Decision in response to DBI's DAU (subject to certain amendments being made to the DAU and the QCA's final decision), which retains key mitigation mechanisms, and the existing Access Agreements can accommodate a lighter-handed framework.</p>	<b>Section 3.5</b>

22. The payment of any distribution by DBI is at the discretion of the Directors and the decision as to whether or not a distribution will be paid will be subject to a number of considerations, including the general business environment, operating results, cash flows, future capital requirements, regulatory restrictions and any other factors the Directors may consider relevant. The Directors may establish a distribution reinvestment plan in the future.

23. AME.

24. A User may terminate its access agreement if terminal capacity is reduced below 10% of aggregate contracted capacity on a sustained basis and DBT does not commence reinstatement works within a reasonable time.

## 1. Investment Overview (continued)

Topic	Summary	Further information
Long life basin with high quality coal	<p>DBT services mines in the Bowen Basin, the world's largest metallurgical coal export region, which includes superior quality metallurgical coal deposits.<sup>25</sup></p> <p>The Bowen Basin is estimated to contain 6,656Mt of coal reserves and 34,386Mt of coal resources, which are expected to support the long life of operations in the region.<sup>26</sup></p>	Section 2.4
Longstanding relationships with core Users and alignment through the value chain	<p>Access to DBT is highly strategic for mines in the central region of the Bowen Basin as it is estimated to represent the lowest cost pathway to export markets, on average.<sup>25</sup> Key Users have longstanding relationships with DBT and a track record of contract renewal.</p> <p>Six of the Users account for approximately 90% of the current contracted tonnage in 2020. These Users generally have strong credit profiles with approximately 70% of capacity in 2020 contracted to Users with investment grade ultimate parent entities.</p> <p>There is alignment through the value chain. The Operator is owned by the majority of Users (by contracted volume), allowing terminal operations to be optimised to meet the needs of mines shipping through DBT. Steel producers and marketers own interests in mines which export through DBT, supporting strategic offtake to ensure supply in the long term.</p>	Section 2.5 and 4.6
Strategic location to capture anticipated growth in metallurgical coal exports from the Bowen Basin	<p>Metallurgical coal exports from the Bowen Basin are expected to continue to increase to satisfy forecasted growth in steel production in India and SEA.<sup>25</sup> The majority of new metallurgical coal production is expected to come from the central area of the Bowen basin due to its high quality metallurgical coal deposits and existing development projects.<sup>25</sup></p> <p>DBT's strategic location, adjacent to the central Bowen Basin, positions it to continue to be the export terminal of choice for existing Users and other Bowen Basin producers.<sup>25</sup></p>	Section 2.2 and 2.3.1
Well-defined expansion pathway	<p>DBT has a well-defined expansion pathway to accommodate current demand in the Access Queue in excess of contracted capacity as well as the anticipated growth in exports from the Bowen Basin. This expansion is expected to drive a material increase in its capital base.</p> <p>Substantial progress has been made in preparing for the 8X Expansion program to increase DBT's capacity to 97.5Mtpa, which represents the next phase of capacity expansion.</p>	Section 4.11
Highly experienced management team	<p>DBI has a highly experienced, long-tenured management team that brings relevant experience and skills, with deep industry expertise. The executive management team has overseen multiple regulatory resets and material expansion in capacity at DBT and holds long-standing relationships with key stakeholders. The average tenure of the executive management team is 16 years.</p>	Section 1.7 and 8.2

25. AME.

26. AME. All references to resources and reserves are sourced from third parties and measured in accordance with their source data, which includes AME and regulatory filings and may not be JORC Code-compliant.



## 1.6. Key risks

Potential investors should be aware that there are risks associated with investing in DBI, including risks associated with DBI's operations and risks associated with investing in the stock market generally. Some risks are beyond the control of DBI, its Directors and management, and these risks may have a material impact on DBI's financial performance or position. Set out below are some of the key risks associated with an investment in DBI. See Section 7 for further information on these key risks and other risks affecting DBI.

Topic	Summary	Further information
<b>Regulatory oversight as a "declared service"</b>	<p>DBT, and as a result DBI, is subject to significant regulatory oversight as it is a "declared service" under the QCA Act. The QCA plays a role in relation to third party access and renegotiation of pricing, and it may adopt regulatory assumptions in the setting of charges that negatively impact on DBI's revenue and earnings outlook. The declaration of DBT has recently been extended for a further period of 10 years and now expires in September 2030.</p> <p>DBI has lodged a judicial review application in relation to the extension of the declaration.<sup>27</sup> DBI's desired deregulation of DBT may or may not occur, and if it does occur, may not occur when desired or the perceived benefits of deregulation may not be achieved or may be otherwise limited.</p>	<b>Section 7.1.1</b>
<b>Regulation of pricing</b>	<p>For so long as the handling of coal remains a "declared service", access to DBT and pricing will remain governed by the terms of an access undertaking approved by the QCA. DBIM is currently seeking approval from the QCA for an amended access undertaking so that the reference tariff ceases to apply and DBI can commence applying a 'negotiate and arbitrate' approach to User pricing. The QCA issued a draft determination on 26 August 2020 which would, if issued in final form, allow DBI to adopt a 'negotiate and arbitrate' approach for the 5 year period from 1 July 2021. However, as this is a draft determination, amendments to the QCA's draft determination could revise the proposed approach or negatively impact DBI.</p>	<b>Section 7.1.2</b>
<b>Expansion risk</b>	<p>Any expansion of DBT (including the 8X Expansion and 9X Expansion) may not occur or, if it does occur, may take longer or cost more than anticipated or may not result in the desired outcomes. If corresponding capacity is not available in the rail network managed by Aurizon Network, or Aurizon Network does not commit to build additional capacity, or the necessary approvals (including regulatory approvals) for expansion at DBT cannot be obtained by DBI, or are not obtained in a timely manner or on acceptable terms to DBI, the expansions may not be able to be completed.</p>	<b>Section 7.1.3</b>
<b>Risks of User Default</b>	<p>The business operations of the Users may be impacted by a number of factors, including economic and political conditions and global demand and prices for coal. The Company is exposed to the risk that Users may default under their contracts, Users may assign their contracts (either in whole or in part) to new Users that are not as creditworthy or applicants in the Access Queue will not be able to take up any unused or expansion capacity or any uncontracted capacity.</p>	<b>Section 7.1.4</b>

27. See Section 3.5.1.

## 1. Investment Overview (continued)

Topic	Summary	Further information
<b>Reduction in coal demand</b>	Beyond the term of the current take-or-pay contracts and to the extent such contracts are not renewed, capacity is reduced or such contracts are otherwise terminated, DBI is exposed to the global demand for coal. Any long term reduction in the global demand for coal may negatively impact on DBT's contracted capacity and, if deregulated, may impact on the price that Users negotiate for access to DBT, and therefore DBI's revenue and earnings outlook over time.	<b>Section 7.1.5</b>
<b>Dependence on coal supply chain in the Bowen Basin</b>	DBI is dependent on the successful operation of the coal supply chain in the Bowen Basin. As a result, DBI's performance is reliant on certain third party infrastructure and service providers engaged directly by the Users and with whom DBI does not have a contractual relationship, without which it cannot operate DBT (e.g. railway infrastructure, rail haulage operators and vessels chartered by Users or their customers to ship coal from DBT).	<b>Section 7.1.6</b>
<b>Financial and funding risks</b>	<p>Certain Group members have a significant amount of debt. The cost to service this debt influences the profit of DBI and the distributions that it can make to holders of the Stapled Securities.</p> <p>Certain Group members are subject to various financial covenants and restrictions which, if breached, may require the loans to be repaid immediately or result in the enforcement of security or cancellation of the availability of the facilities.</p> <p>Debt is required to be refinanced at varying maturity dates, including in 2021. If acceptable terms cannot be agreed on or before maturity of these loans, dividends, distributions and other payments by members of the DBI group to DBI may be diminished or delayed or cease, which could reduce the amount of cash available for distribution by DBI to Securityholders.</p>	<b>Section 7.1.13, 7.1.14 and 11.7.10</b>
<b>Other risks</b>	<p>A number of other risks relating specifically to an investment in DBI and generally to an investment in Stapled Securities are set out in Section 7 including:</p> <ul style="list-style-type: none"> <li>• DBI's dependence on third party contractors for the delivery of expansions (including the 8X Expansion and 9X Expansion);</li> <li>• the potential impact of COVID-19 on the operations or business of DBI or the Users;</li> <li>• DBT is not the only terminal in Queensland;</li> <li>• changes in business regulation;</li> <li>• DBT's operations may be disrupted;</li> <li>• DBI is exposed to environmental risks, including risks relating to remediation and climate change;</li> <li>• DBI's business depends on its ability to maintain the DBT Leases;</li> <li>• DBT is DBI's single asset; and</li> <li>• other investment risk factors, including general economic factors, liquidity, Securityholder dilution, taxation changes and changes in AAS.</li> </ul>	<b>Section 7</b>



## 1.7. Directors and senior management

Topic	Summary	Further information
Who are the Directors of DBI?	<ul style="list-style-type: none"> <li>Hon. Dr David Hamill AM (Chair, Non-Executive Director, Independent)</li> <li>Anthony Timbrell (Executive Director)</li> <li>Bahir Manios (Non-Executive Director)</li> <li>Bronwyn Morris AM (Non-Executive Director, Independent)</li> <li>Dr Eileen Doyle (Non-Executive Director, Independent)</li> </ul>	Section 8.1
Who are the members of the DBI executive management team?	<ul style="list-style-type: none"> <li>Anthony Timbrell (Chief Executive Officer)</li> <li>Stephanie Commons (Chief Financial Officer)</li> <li>Peter Wotherspoon (Project Director)</li> <li>Jonathan Blakey (General Manager – Commercial &amp; Regulation)</li> <li>Jesse Knight (General Manager – Operations)</li> <li>Rebecca O'Donnell (General Manager – Risk, Governance &amp; Sustainability)</li> </ul>	Section 8.2

## 1.8. Significant interests of key people

Topic	Summary	Further information									
Who are the current owners and what will their interest be at Completion of the Offer?	<p>As at the Prospectus Date, Brookfield, via a controlled entity, BIP, holds all of the issued shares in DBI. The Directors (and their associated entities) do not have any interests in the Stapled Securities as at the Prospectus Date and are not expected to have any such interests at the Completion of the Offer (subject to any acquisitions they may make for cash under the Offer, as set out in Section 8.3.2.4).</p> <p>The expected interests of the Securityholders after Completion of the Offer are set out below.</p> <p><b>Figure 1.4: Securityholding structure</b></p> <table> <tr> <th></th><th colspan="2">Stapled Securities held at Completion</th></tr> <tr> <td>BIP</td><td>up to 245m</td><td>up to 49%</td></tr> <tr> <td>New Securityholders</td><td>at least 255m</td><td>at least 51%</td></tr> </table> <p>BIP may hold up to 49% of the Stapled Securities after Completion, but may hold a lesser percentage.</p>		Stapled Securities held at Completion		BIP	up to 245m	up to 49%	New Securityholders	at least 255m	at least 51%	Section 8.3.2.4 and 9.1.5
	Stapled Securities held at Completion										
BIP	up to 245m	up to 49%									
New Securityholders	at least 255m	at least 51%									

## 1. Investment Overview (continued)

Topic	Summary	Further information
What significant benefits are payable to Directors and other persons connected with DBI or the Offer and what significant interests do they hold?	<ul style="list-style-type: none"> <li>On Completion of the Offer, BIP will hold Stapled Securities as set out immediately above.</li> <li>The proceeds of the Offer (net of certain amounts as outlined in Section 11.6.1) will be paid by DBI to the Existing Securityholders as consideration for the acquisition of the DBT Entities (with some of those amounts potentially reinvested for Stapled Securities at the Offer Price, to the extent of any retained interest in DBI after Completion).</li> <li>Directors and management are entitled to remuneration, fees and other payments as set out Section 8.3. This includes one off payments for certain legacy awards that have vested but are unpaid on the IPO (a total payment of approximately \$1,103,377 (depending on the IPO price) will be made), to be allocated between the CEO and Chief Financial Officer (CFO), and payments in connection with the IPO (a payment of approximately \$250,000 to the CEO and \$120,000 to the CFO).</li> <li>Professional advisers to the Offer are entitled to fees as set out in Section 8.3.1.</li> <li>The Joint Lead Managers, Co-Lead Managers and Co-Managers are entitled to fees as set out in Section 11.7.1.1.</li> </ul>	Section 8.3 and 11.7.1.1
Will any Stapled Securities be subject to restrictions on disposal following Completion of the Offer?	Yes. All of the Stapled Securities held by BIP will, from Completion of the Offer, be subject to voluntary escrow arrangements which prevent it dealing with the escrowed Stapled Securities for an agreed period.	Section 11.7.2

### 1.9. Overview of the Offer

Topic	Summary	Further information
What is the Offer?	<p>The Offer is an initial public offering of approximately 500 million Stapled Securities to raise total proceeds of \$1,286m.</p> <p>The Offer Price for the Offer is \$2.57 per Stapled Security.</p> <p>The Stapled Securities offered under this Prospectus will represent almost 100% of the Stapled Securities on issue on Completion of the Offer, being approximately 500 million Stapled Securities, but up to 49% of those Stapled Securities may be acquired by BIP (by way of reinvestment of some of the proceeds that will be paid by DBI as consideration for the acquisition of the DBT Entities).</p>	Section 9.1
Who is the issuer of the Prospectus?	This Prospectus is issued by Dalrymple Bay Infrastructure Limited (ACN 643 302 032).	N/A



Topic	Summary	Further information
What is the proposed use of the funds raised under the Offer?	<p>The proceeds received by DBI from the issue of Stapled Securities will be used to:</p> <ul style="list-style-type: none"> <li>• partly repay debt of \$170.0m to align with DBI's target gearing of 75%;</li> <li>• pay the Existing Securityholders, a portion of which may be reinvested by BIP (as outlined in Section 11.6.1); and</li> <li>• pay costs associated with the Offer.</li> </ul>	Section 9.1.2 and 9.1.3
How is the Offer structured and who is entitled to participate?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• the Retail Offer consisting of: <ul style="list-style-type: none"> <li>– the Broker Firm Offer, which is open to Australian and New Zealand resident retail or sophisticated non-institutional clients of Brokers who receive a firm allocation of Stapled Securities from their Broker;</li> <li>– the Priority Offer, which is made to selected investors in Australia and New Zealand determined by DBI who have received a Priority Offer invitation to apply for Stapled Securities; and</li> <li>– the Employee Offer, which is open to Eligible Employees who wish to apply for Stapled Securities; and</li> </ul> </li> <li>• the Institutional Offer, which consisted of an offer to certain Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world made under this Prospectus or the Institutional Offering Memorandum, as applicable.</li> </ul> <p>To the extent permitted by law, all Applications under the Offer are irrevocable.</p>	Section 9.1.1, 9.3, 9.4, 9.5, 9.6 and 9.8
What are stapled securities?	<p>A Stapled Security is a Share in DBI and a DBI Note, stapled together so that they cannot be traded separately.</p> <p>A summary of the Stapled Securities and the rights and liabilities attaching to them are set out in Section 11.2.</p>	Section 11.2
Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers to the Offer are Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited.	Section 8.3.1 and 11.11
Who are the Co-Lead Managers and Co-Managers for the Offer?	<p>The Co-Lead Managers for the Offer are Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited.</p> <p>The Co-Managers for the Offer are Crestone Wealth Management Limited and Wilsons Corporate Finance Limited.</p>	Section 8.3.1 and 11.11

## 1. Investment Overview (continued)

Topic	Summary	Further information
<b>Will the Stapled Securities be quoted on the ASX?</b>	<p>DBI will apply to the ASX within seven days of the Prospectus Date for admission to the official list of the ASX and quotation of Stapled Securities on the ASX (which is expected to be under the code DBI). It is anticipated that quotation will initially be on a conditional and deferred settlement basis.</p> <p>Completion of the Offer is conditional upon the ASX approving the admission of DBI to the official list of the ASX and the quotation of the Stapled Securities. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	<b>Section 9.13.1 and 9.13.3</b>
<b>Will the Offer be extended into New Zealand?</b>	Yes. All Stapled Securities offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.	<b>Section 9.1.1</b>
<b>When will I receive confirmation that my Application has been successful?</b>	<p>It is expected that initial holding statements will be dispatched by standard post on or around 11 December 2020.</p> <p>Applicants in the Broker Firm Offer should contact their Broker for information regarding their allocations. DBI will also announce details of the basis for allocations on its website, and Applicants will also be able to call the Offer Information Line on 1800 881 047 (within Australia) and +61 1800 881 047 (outside Australia) from 8.30am until 6.00pm (Sydney time), Monday to Friday (excluding public holidays) until Completion to confirm their allocations.</p> <p>Refunds to Applicants who make an Application and are scaled back, will be made as soon as possible post Settlement, which is expected to occur on or about 9 December 2020.</p> <p>No refunds will be made where the overpayments relate solely to rounding at the Offer Price.</p>	<b>Section 9.3.4 and 9.7</b>
<b>When can I sell my Stapled Securities on the ASX?</b>	<p>It is expected that trading of Stapled Securities on the ASX will commence on or about 8 December 2020 on a conditional and deferred settlement basis.</p> <p>It is expected that the Stapled Securities will commence trading on the ASX on a normal settlement basis on 10 December 2020 and dispatch of holding statements will occur on or about 11 December 2020.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading their Stapled Securities. Applicants who sell Stapled Securities before they receive an initial holding statement do so at their own risk.</p>	<b>Section 9.13.3</b>
<b>Is the Offer underwritten?</b>	Yes. The Offer is underwritten (other than in respect of Stapled Securities which Existing Securityholders or their affiliates have committed to subscribe for), subject to the terms of the Underwriting Agreement.	<b>N/A</b>



Topic	Summary	Further information
What is the allocation policy?	<p>The allocation of Stapled Securities between the Institutional Offer and Broker Firm Offer, and among Brokers and participants in the Institutional Offer, will be determined by agreement between DBI and the Joint Lead Managers.</p> <p>In the Broker Firm Offer, each relevant Broker will decide as to how they allocate Stapled Securities among their retail clients, and it (and not DBI or the Joint Lead Managers or any of their respective Affiliates) will be responsible for ensuring that retail clients who have received an allocation from it receive the relevant Stapled Securities.</p> <p>DBI, after consultation with the Joint Lead Managers, will determine the allocation of Stapled Securities to participants within the Priority Offer and the Employee Offer.</p> <p>DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the exercise of its rights under the Underwriting Agreement, including with respect to allocation of the Stapled Securities.</p>	Section 9.1.1, 9.3.4, 9.4.4 and 9.5.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Stapled Securities under the Offer.	N/A
What are the tax implications of investing in the Stapled Securities?	Securityholders may be subject to Australian income tax or withholding tax on any future distributions paid. General information is provided in Section 11.13. However, the tax consequences of any investment in the Stapled Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest in DBI.	Section 11.13
What is the minimum Application size under the Offer?	<ul style="list-style-type: none"> <li>The minimum Application under the Broker Firm Offer is \$2,000.</li> <li>Applicants under the Priority Offer and the Employee Offer must apply for a minimum value of \$2,000 of Stapled Securities and in multiples of \$500 thereafter.</li> </ul>	Section 9.3.2, 9.4.2 and 9.5.2
How can I apply?	<p>Applicants under the Broker Firm Offer may apply for Stapled Securities by completing the Application Form included in or accompanying this Prospectus, and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Applicants under the Priority Offer and the Employee Offer may apply for Stapled Securities by following the instructions in their personalised invitation that they would have received in relation to the offer of Stapled Securities under the Priority Offer or the Employee Offer (as applicable).</p> <p>To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p>	Section 9.3.2, 9.4.2, 9.5.2 and 9.6

## 1. Investment Overview (continued)

Topic	Summary	Further information
Can the Offer be withdrawn?	<ul style="list-style-type: none"><li>• DBI reserves the right not to proceed with the Offer at any time before the issue or transfer of Stapled Securities to successful Applicants.</li><li>• If the Offer does not proceed, Application Monies will be refunded.</li><li>• No interest will be paid on any Application Monies refunded, whether as a result of the withdrawal of the Offer or otherwise.</li></ul>	Section 9.12 and 9.13.1
Where can I find out more information about this Prospectus or the Offer?	<p>If you are an Australian or New Zealand resident, call the Offer Information Line on 1800 881 047 (within Australia) and +61 1800 881 047 (outside Australia) from 8.30am until 6.00pm (Sydney time), Monday to Friday (excluding public holidays). You may also visit DBI's Offer website at <a href="http://www.dbinfrastructure.com.au/offer/">www.dbinfrastructure.com.au/offer/</a>.</p> <p>If you are unclear in relation to any matter or are in any doubt as to whether to invest in DBI, you should seek professional advice from your stockbroker, accountant, lawyer, financial advisor or other independent professional advisor before deciding whether to invest in DBI.</p>	Important Notices





## Section 2

# Industry Overview



## 2. Industry Overview

### 2.1. Introduction

DBT is a critical link in the global steelmaking supply chain. Steel is one of the largest global commodities markets, with over US\$2.5 trillion (\$2017) of product sold in 2017.<sup>28</sup> Steel is used extensively in a broad range of industrial applications for its affordability, strength and versatility, including construction, infrastructure, transport, manufacturing and consumer durables.

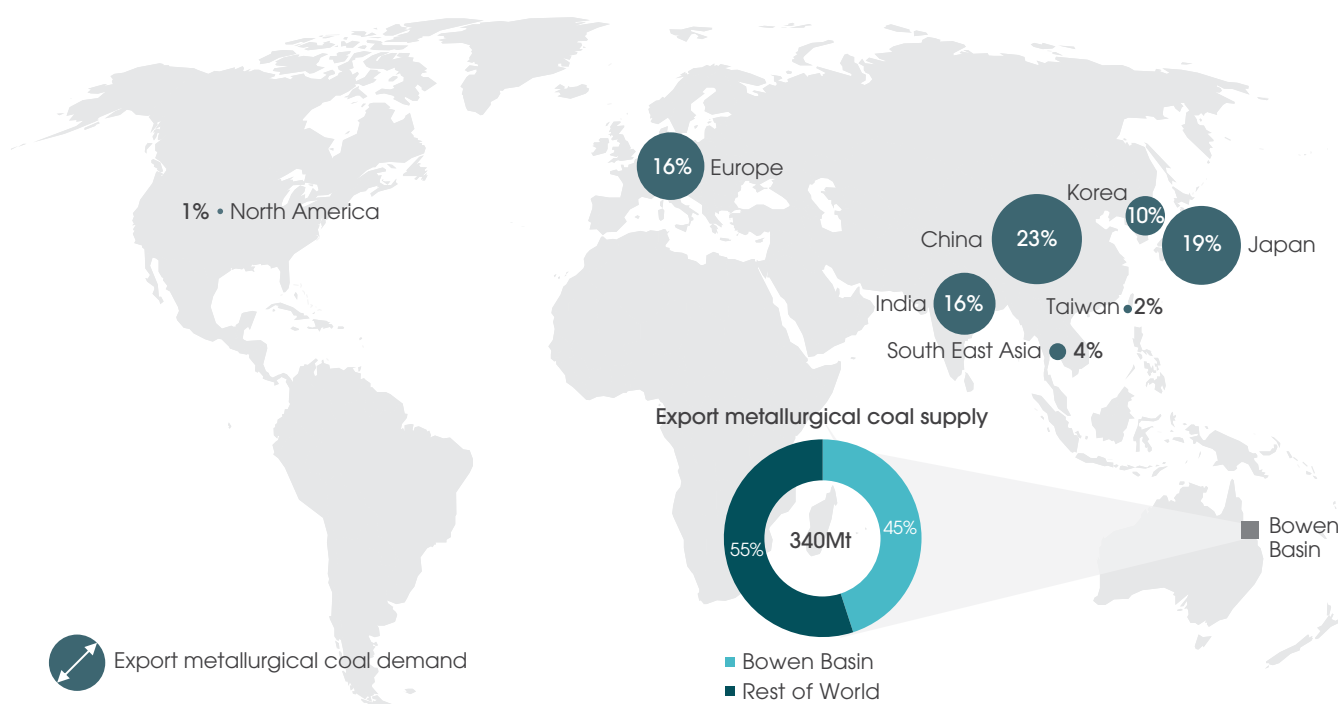
Metallurgical coal is an essential input for basic oxygen furnace (BOF) steel production. DBT supports mines in the Bowen Basin to provide a reliable supply of metallurgical coal to steel producers in export markets. DBT is the world's largest export metallurgical coal facility and handled 15% of global export metallurgical coal volumes in 2019.<sup>29</sup>

This section provides an overview of the steelmaking supply chain, a summary of the key throughput drivers for DBT, an analysis of the Bowen Basin and a comparison of Queensland coal export terminals.

### 2.2. Steelmaking supply chain

The Bowen Basin, a 60,000 square km region located in central Queensland, is the world's largest metallurgical coal export supply region.<sup>29</sup> The Bowen Basin is characterised by its large resource of high quality metallurgical coals, mines that have a relatively low cost of production, established export infrastructure and close proximity to core metallurgical coal demand centres.<sup>29</sup>

Figure 2.1: Key metallurgical coal demand and supply regions<sup>30</sup>



Source: AME.

The Bowen Basin supply chain is comprised of miners, a below rail network, above rail haulage providers, export terminals and shipping providers.

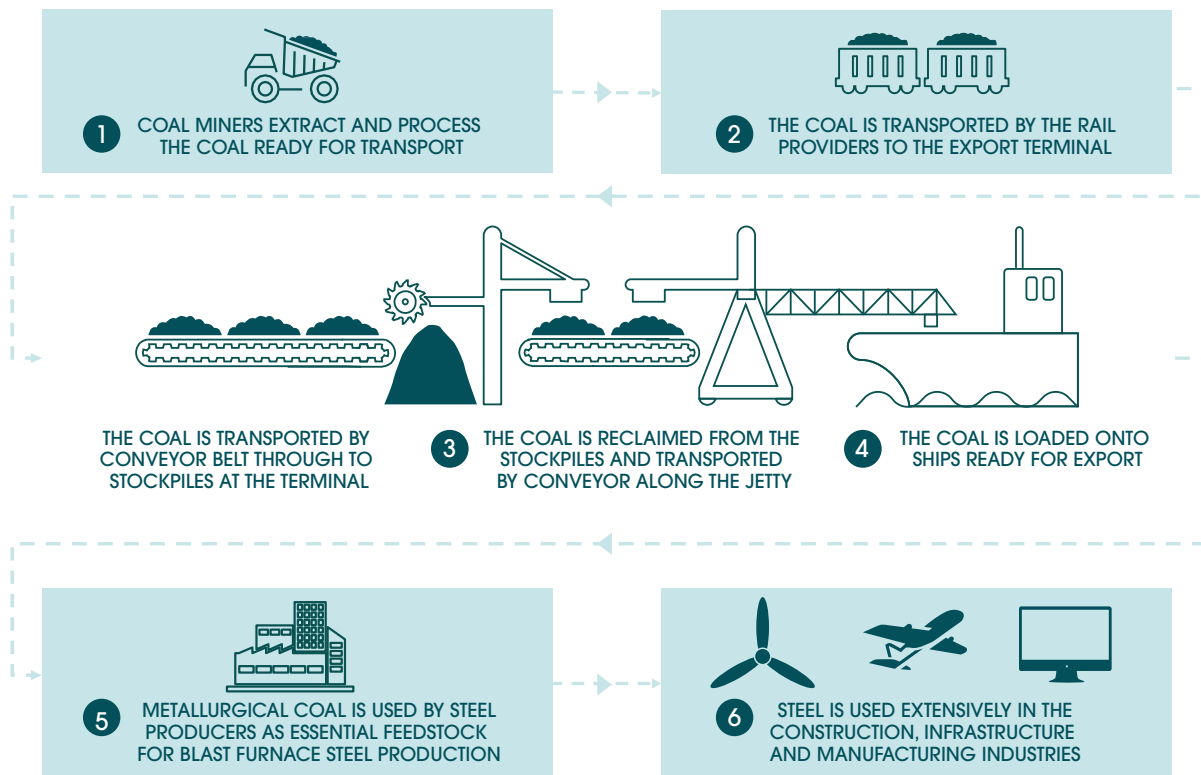
There is alignment through the value chain, with end users or marketers of thermal and metallurgical coal owning interests in a number of mines in the Bowen Basin and, in the case of DBT, the terminal Operator is owned by the majority of Users (by contracted volume), allowing terminal operations to be optimised to meet the needs of mines shipping through DBT. This alignment creates significant incentives to maximise supply chain throughput and operational efficiency over the long term.

28. World Steel in Figures 2019, World Steel Association. Note that World Steel Association has not provided their consent for any statements to be included in the Prospectus.

29. AME.

30. Figure based on 2020 forecasts. Bubble size represents percentage of global export metallurgical coal demand. Numbers subject to rounding.

Figure 2.2: Bowen Basin supply chain



#### Bowen Basin supply chain link

<b>1</b>	<b>Miners</b>	The Bowen Basin contains 38 operating mines. <sup>31</sup> Key producers in the region comprise some of the world's leading global mining companies and highly experienced coal producers, capable of supplying significant volumes of metallurgical coal.
<b>2</b>	<b>Rail providers</b>	<p>The Bowen Basin is supported by Australia's largest export coal rail network, the Central Queensland Coal Network (<b>CQCN</b>), comprising four major coal systems made up of approximately 2,670km of track.<sup>31</sup> The CQCN is operated and managed by Aurizon Network under a 99 year lease arrangement with the Queensland Government. Access to the CQCN is regulated by the QCA.</p> <p>The Bowen Basin is serviced by a competitive above rail haulage industry, comprising four experienced haulage providers: Aurizon, Pacific National, BHP Mitsubishi Alliance (<b>BMA</b>) Rail and One Rail.</p>
<b>3</b>	<b>Export terminals</b>	There is one dedicated and four multi-user terminals in the Bowen Basin, of which DBT is the largest and currently the lowest cost multi-user solution on average for central Bowen Basin mines. <sup>31</sup> See Section 2.5 for further detail on Bowen Basin export terminals.
<b>4</b>	<b>Shipping providers</b>	Coal is exported from DBT to over 25 countries. Core export markets comprise Japan, Korea, Taiwan, China and India.
<b>5</b>	<b>Steel producers</b>	Steel producers import metallurgical coal as essential feedstock for BOF steel production. A number of end users or marketers of coal hold interests in mines located within the Bowen Basin, creating alignment from mine to customer.
<b>6</b>	<b>Steel products</b>	Steel is used to produce essential products in a broad range of industries, including construction, infrastructure, transport, manufacturing and consumer durables.

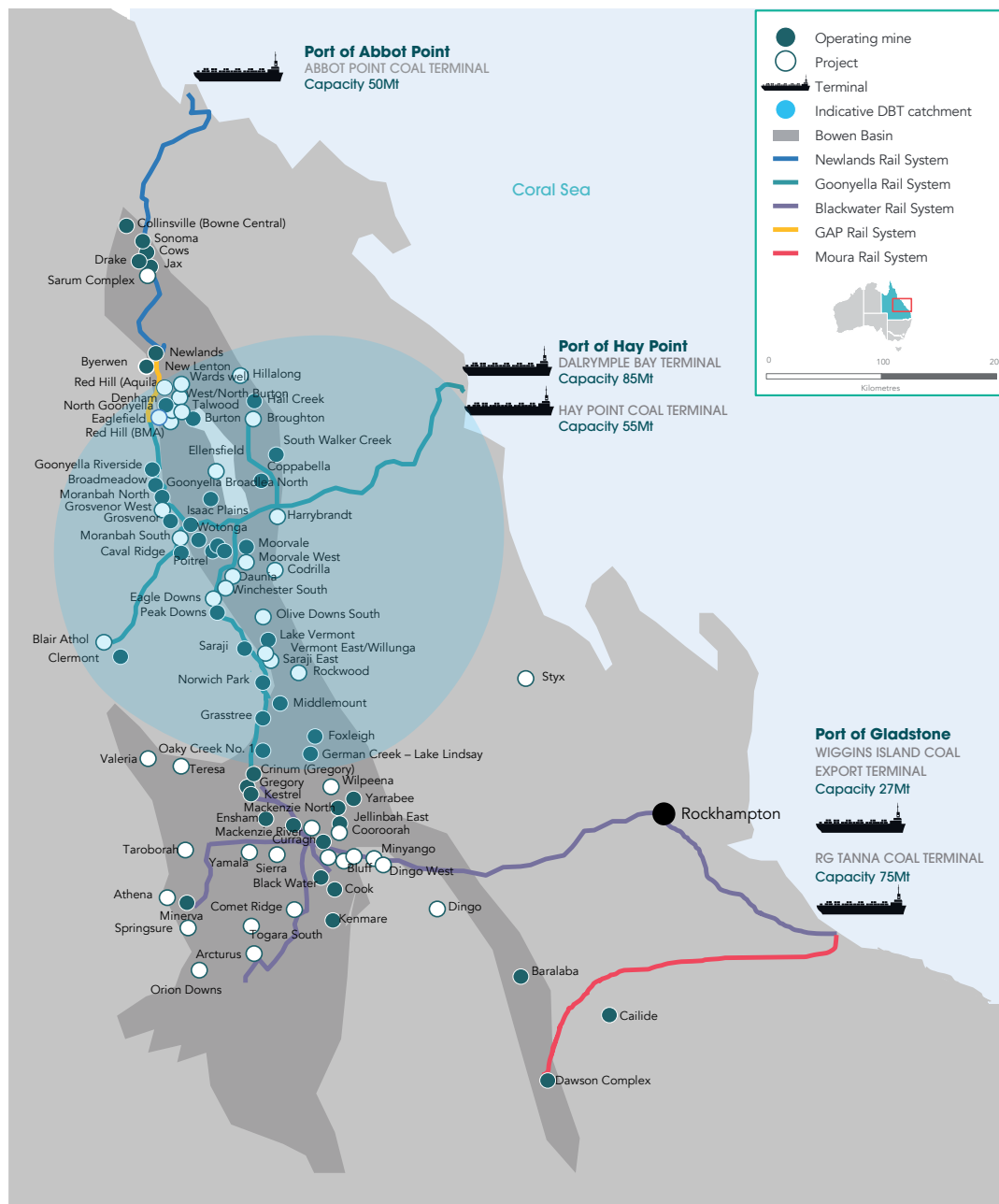
31. AME.

## 2. Industry Overview (continued)

Figure 2.3 shows the location of the Bowen Basin in Queensland, highlighting the mines, rail systems and coal export terminals located within the region. DBT's location adjacent to the central region of the Bowen Basin results in it being the terminal of choice for some of the Bowen Basin's highest quality mines, with the central region containing superior quality metallurgical coal deposits.<sup>32</sup> DBT's central location means it also services mines in the southern and northern ends of the central Bowen Basin.

BMA's closed access terminal, Hay Point Coal Terminal (HPCT), is located next to DBT within the Port of Hay Point. HPCT is dedicated to servicing mines in which BHP is a joint venture partner.<sup>33</sup> As a result, DBT is the lowest cost multi-user terminal servicing mines in the central Bowen Basin, on average.<sup>34</sup> See Section 2.5 for further discussion on the Bowen Basin's export terminals.

Figure 2.3: Bowen Basin catchment area<sup>35</sup>



Source: AME.

32. AME.

33. DBI understands that BMA provides BMC (a related party) with limited access to HPCT, pursuant to an agreement between the parties.

34. QCA, Part C: DBCT declaration review, March 2020, page 20 – 21.

35. DBT catchment area as defined by AME. Indicative catchment area shown as blue circle.



## 2.3. Throughput drivers

DBT handles predominantly metallurgical coal, accounting for approximately 80% of product shipped through the terminal in 2019. As such, demand for and supply of metallurgical coal exports from the Bowen Basin are the principle drivers of DBT's throughput.

The proportion of metallurgical coal handled at DBT is forecast to increase due to the expected growth in metallurgical coal exports from mines in the central Bowen Basin.<sup>36</sup> This is supported by the Access Queue from new and existing Users, which based on the composition of the underlying deposits, is predominantly metallurgical coal. DBT also handles thermal coal, predominantly from Glencore's Clermont mine.

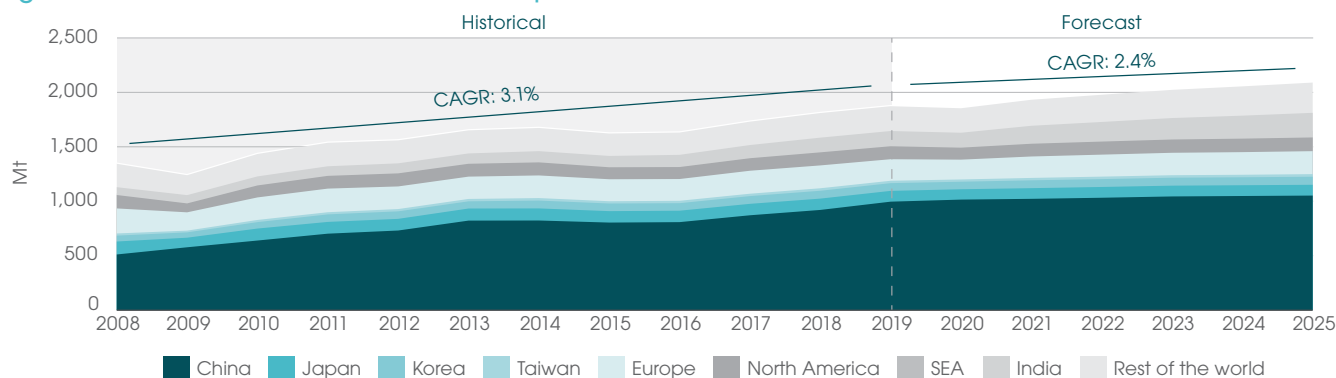
### 2.3.1. Metallurgical coal demand drivers and end markets

Metallurgical coal is used to produce steel and comprises both coking coal and pulverised coal injection (PCI) coal. Hard coking coal (HCC) is an essential input in the production of strong coke, an essential reducing agent in BOF steel production. Semi-hard coking coal (SHCC) and semi-soft coking coal (SSCC) are lower ranking coking coals and are blended with HCC in order to reduce input costs for steel production, however they also result in an overall decrease in coke quality. PCI coal is used for its heat value and injected directly into the BOF (without an intermediate coking phase) as a supplementary fuel for steel production, which reduces the amount of coke required and overall input costs. Demand for metallurgical coal is therefore heavily dependent on the volume of crude steel production.

Steel's extensive use in a broad range of industrial applications means that levels of steel production are predominately driven by economic growth, indicated by Gross Domestic Product (GDP), industrial production, population growth and household formation.

Global crude steel production is estimated to have increased from 1,343Mt in 2008 to 1,875Mt in 2019, representing a 3.1% compound annual growth rate (CAGR). Over the same period, global export metallurgical coal demand is estimated to have grown by a 3.5% CAGR.<sup>36</sup>

Figure 2.4: Historical and forecast crude steel production



Source: AME.

Figure 2.5: 2020F crude steel production

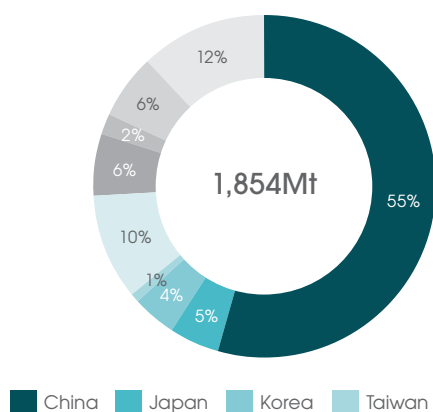
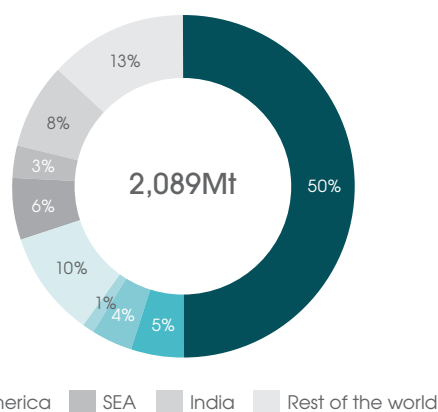


Figure 2.6: 2025F crude steel production



Source: AME.

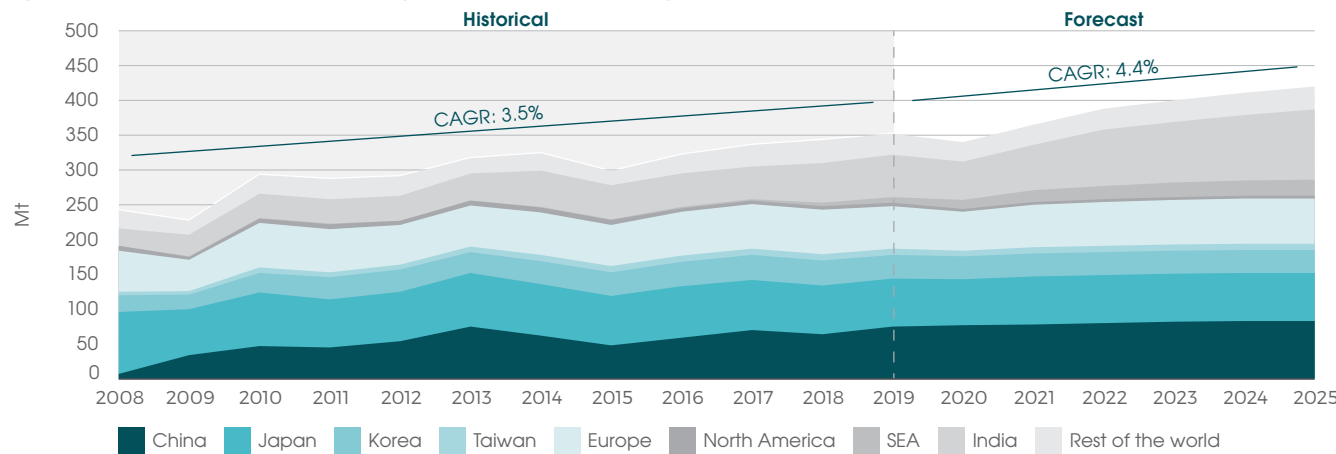
36. AME.

## 2. Industry Overview (continued)

Global export metallurgical coal demand has been underpinned over the past eleven years by stable, consistent demand from Japan, Korea and Taiwan. Demand from these regions is driven by mature and stable steelmaking industries, as well as a reliance on export markets, as they do not produce metallurgical coal domestically. In 2019, these nations are estimated to have accounted for approximately 32% of global export metallurgical coal demand.<sup>37</sup>

China has been the largest source of growth in export metallurgical coal demand over the last ten years as it has increased crude steel production to support significant infrastructure and construction expansion over this time frame.<sup>37</sup> In 2019, China accounted for 21% of global export metallurgical coal demand, compared to 3% in 2008.<sup>37</sup>

Figure 2.7: Historical and forecast global export metallurgical coal demand



Source: AME.

Figure 2.8: 2020F export metallurgical coal demand

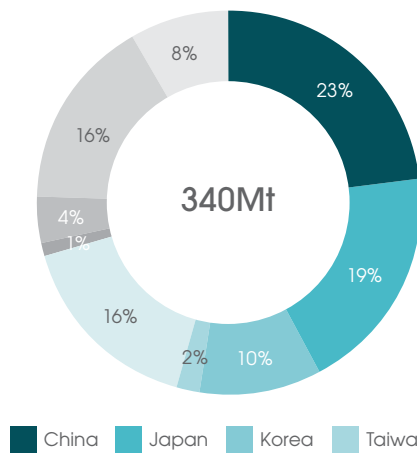
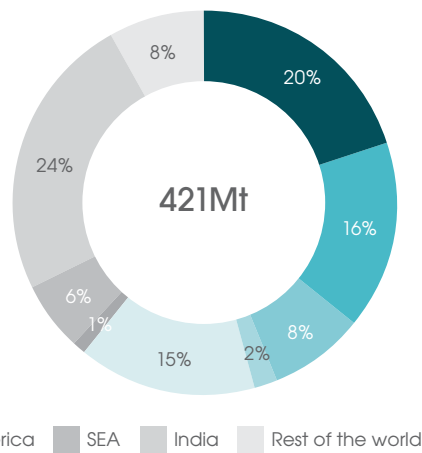


Figure 2.9: 2025F export metallurgical coal demand



Source: AME.

COVID-19 has resulted in a decline in export metallurgical coal demand, with global demand expected to be 340Mt in 2020, compared to 353Mt in 2019.<sup>37</sup> This decline has been driven by government lockdowns imposed to contain the spread of COVID-19 and the resulting slowdown in construction activity, which was the principal reason for a decline in steel production. Since the onset of the outbreak in December 2019, export metallurgical coal demand has recovered with the increase in steel production as many governments have relaxed stay-at-home orders. In addition, economic stimulus packages announced in response to COVID-19 by a number of governments, including China and the United States, have supported steel intensive industries. As a result, export metallurgical coal demand is expected to recover to 365Mt in 2021.<sup>37</sup>

37. AME.

## The next five years

Over the next 5 years, global export metallurgical coal demand is forecast to grow from 340Mt in 2020 to 421Mt, a 4.4% CAGR. This compares to a 2.4% CAGR in steel production over the same time period.<sup>38</sup> Higher growth in global export metallurgical coal demand relative to steel production is underpinned by availability and suitability of domestic metallurgical coal supply in core demand areas.<sup>38</sup> Export metallurgical coal demand is expected to continue to be underpinned over this time period by relatively stable, consistent demand from Japan, Korea and Taiwan, as well as a maturing steel market in China. These markets are expected to account for approximately 194Mt of global export metallurgical coal demand in 2025, up from 187Mt in 2019.<sup>38</sup>

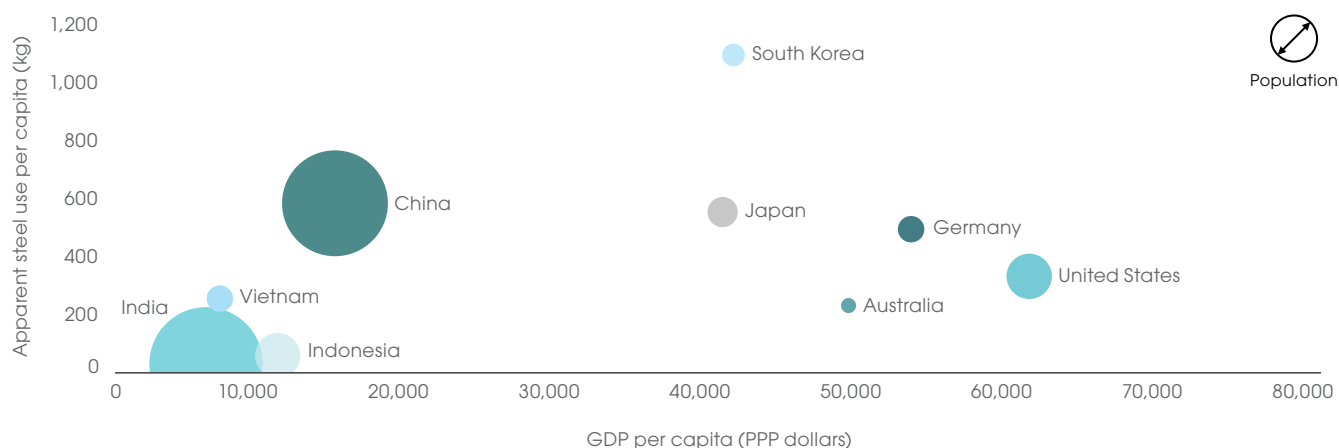
India is expected to be the most important driver of steel production growth over the next 5 years as steel intensity increases to support continued urbanisation of India's large population. India's crude steel production is expected to grow from 104Mt in 2020 to 165Mt in 2025, a 9.7% CAGR. Current Indian government policy supports this expected growth in steel production, with a target of reaching 255Mt by 2030<sup>39</sup>. India has limited suitable domestic metallurgical coal supply and is therefore expected to be reliant on imports of metallurgical coal to support this expected increase in steel production. India's imports of metallurgical coal are expected to increase from 61Mt in 2019 to 101Mt in 2025.<sup>38</sup>

SEA is also expected to be an increasingly important consumer of export metallurgical coal over the next 5 years as continuing urbanisation drives an increase in their steel production.<sup>38</sup> Vietnam is expected to be the primary driver of growth in metallurgical coal demand in this region, with Vietnam's crude steel production expected to grow from 24Mt in 2020 to 39Mt in 2025, a 10.2% CAGR.<sup>38</sup>

## Long-term

In the long term, metallurgical coal demand from Japan and Korea is expected to remain stable due to a lack of domestic metallurgical coal reserves.<sup>38</sup> India is expected to remain a key driver of metallurgical coal demand in the future due to India's lack of high quality HCC and PCI, which are essential in steelmaking, and strong economic development, driving an increase in export metallurgical coal demand.<sup>38</sup> As shown in Figure 2.10, steel intensity per capita in India, Vietnam and Indonesia remains well below that of countries with higher GDP per capita but would be expected to increase as their economies develop.

Figure 2.10: Steel intensity per capita vs. GDP per capita \$(2018)<sup>40</sup>



Source: World Bank, World Steel Association.

38. AME.

39. Ministry of Steel, National Steel Policy 2017.

40. 2018 data. GDP per capita (Purchasing Power Parity; international dollars). Apparent steel use is crude steel equivalent per capita.

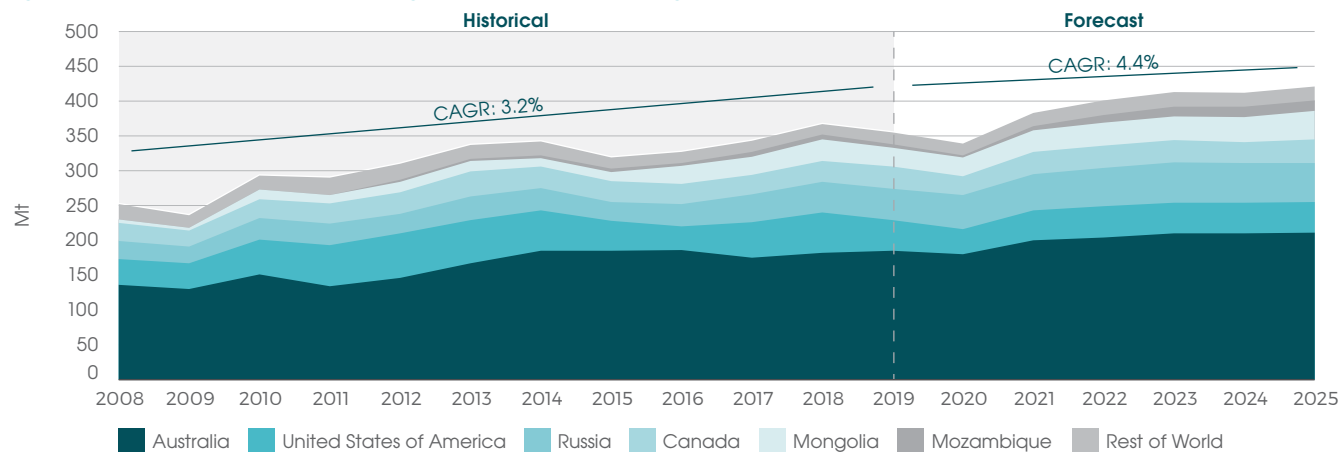


## 2. Industry Overview (continued)

### 2.3.2. Metallurgical coal supply

Global export metallurgical coal supply has grown significantly over the last decade to support the increase in global steel production, particularly in Asia. Total export metallurgical coal supply increased from an estimated 251Mt in 2008 to 355Mt in 2019, a 3.2% CAGR.<sup>41</sup> Global export metallurgical coal supply is dominated by five countries: Australia, United States, Russia, Canada and Mongolia.

Figure 2.11: Historical and forecast global export metallurgical coal supply



Source: AME.

Figure 2.12: 2020F export metallurgical coal supply

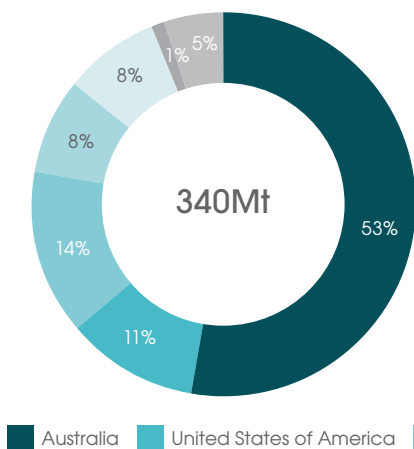
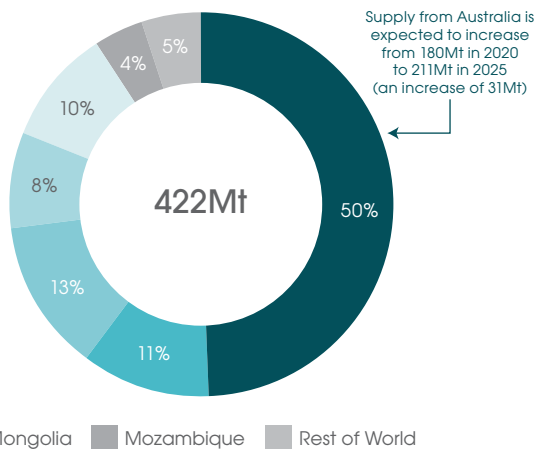


Figure 2.13: 2025F export metallurgical coal supply

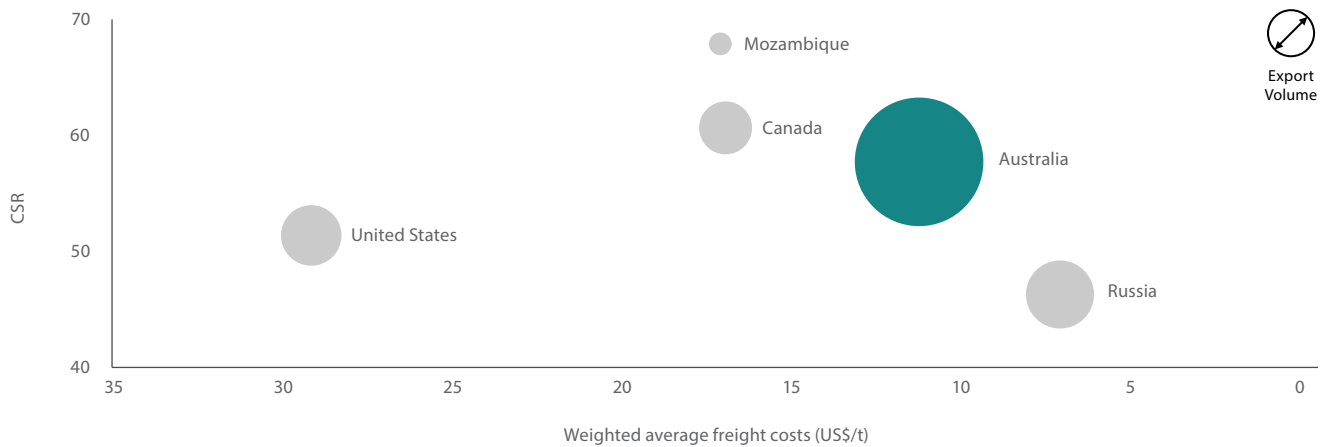


Source: AME.

Australia is well-established as the largest global exporter of metallurgical coal, accounting for approximately 52% of global export metallurgical coal supply in 2019.<sup>41</sup> Australia's leading position reflects the quality of its metallurgical coal products, which are among the highest quality globally due to their high carbon content, which is essential for the production of high quality steel, as well as their high fluidity and coke strength after reaction (CSR).<sup>41</sup> Australia also enjoys a substantial freight advantage to key export metallurgical coal demand centres in Asia compared to other metallurgical coal export regions,<sup>41</sup> as highlighted in Figure 2.14 and Table 2.1.

41. AME.

Figure 2.14: Comparison of metallurgical coal quality and freight costs for key metallurgical coal export regions<sup>42</sup>



Source: AME.

Table 2.1: Landed costs of metallurgical coal into China and India (2020)<sup>43</sup>

Export country	China		India	
	Average landed price (US\$/t)	Estimated freight distance (km)	Average landed price (US\$/t)	Estimated freight distance (km)
Australia <sup>44</sup>	96.1	7,461	98.2	8,892
Canada <sup>45</sup>	99.3	9,762	108.3	15,741
United States <sup>46</sup>	129.1	19,418	132.2	21,496

Source: AME.

Queensland is the major source for Australia's metallurgical coal exports, accounting for approximately 86%<sup>47</sup> of Australian metallurgical coal supply in 2020 due to its substantial reserves of premium metallurgical coal, in particular HCC products produced from mines in the central Bowen Basin, which set the benchmark for high quality metallurgical coal products traded in the global seaborne market.<sup>47</sup> All metallurgical coal production in Queensland is currently sourced from the Bowen Basin. Central Bowen Basin mines produce predominantly HCC and low volatile PCI, resulting in significant margin being achieved for their products. In addition to higher product quality, these producers have distinct comparative advantages over other producers, including logistics, a stable client base, and reserve composition within the basin.<sup>47</sup>

Production of metallurgical coal from the Bowen Basin has been largely resilient to the impact of COVID-19. Bowen Basin miners have to date been protected from the impact of COVID-19 lockdowns, with mines and the entire supply chain being excluded from non-essential business closure directions issued by the Queensland Government.<sup>48</sup> While some Bowen Basin producers have reduced supply, this is currently expected to have limited impact on DBT User mines and widespread production curtailment amongst Bowen Basin mines is not expected.<sup>47</sup> This is supported by the relatively strong margins of Bowen Basin mines as well as the impact of infrastructure take-or-pay costs, which incentivise producers to continue to export volumes, even when prices are low.<sup>47</sup> Metallurgical coal exports from the Bowen Basin are expected to increase from 155Mt in 2020 to 174Mt in 2021,<sup>47</sup> in-line with the expected recovery in metallurgical coal demand outlined in Section 2.3.1.

42. Export volumes based on 2020 forecast export volumes.

43. Landed costs are based on weighted average FOB cost plus freight cost for 2019. Freight cost assumed at US\$1.50/kt per km. Assumed freight cost of US\$1.50/kt per km is calculated based on the average freight cost index for Spot Dry Bulk freight assessment from multiple providers.

44. Estimated freight distance considered from DBT.

45. Estimated freight distance considered from Prince Rupert in British Columbia, Canada.

46. Estimated freight distance considered from Newport News in Virginia, United States.

47. AME.

48. Pursuant to non-essential businesses, activities and undertakings closure directions issued by the Chief Health Officer under s 362B of the *Public Health Act 2005* (Qld).

## 2. Industry Overview (continued)

Australian metallurgical coal exports are expected to increase from 180Mt in 2020 to 211Mt by 2025.<sup>49</sup> AME expects 98% of Australia's metallurgical coal supply to be supplied from the Bowen Basin in 2025.<sup>49</sup> This is expected to continue in the future, with exports from the Bowen Basin expected to continue to increase as it remains the key export supply region due to a number of factors, including:

- expected increase in demand for high quality metallurgical coal products, of which Australia is the largest seaborne supplier and has substantial resources to satisfy further demand;<sup>49</sup>
- Australia has a substantial freight advantage into Asia, which is expected to continue to be the key source of metallurgical coal demand, compared with northern hemisphere producers such as the United States and Canada;<sup>49</sup>
- the United States is expected to remain a swing producer, as operations are generally older and higher cost but are able to respond to increased prices relatively quickly;<sup>49</sup>
- development of new coal fields in Canada require significant capital expenditure due to supply chain infrastructure needing to be developed to reach remote locations;<sup>49</sup>
- Mozambique metallurgical coal products contain high levels of phosphorus and sulphur, limiting their use in coke blends;<sup>49</sup>
- Mongolia's expected increase in supply will remain captive to China, and not provide significant competition;<sup>49</sup> and
- BOF operations are configured for certain compositions of coke and PCI feedstock and, as a result, are sensitive to changes in coal source. This creates material barriers to coal source substitution by steelmakers, supporting Bowen Basin metallurgical coals as the incumbent source of feedstock of many major steel producers, particularly in Asia.<sup>49</sup>

### 2.3.3. Metallurgical coal prices

In 2019, the Australian premium HCC contract price averaged US\$181/t FOB. This was above the five year average price of US\$163/t FOB but was approximately 13% lower when compared to 2018.<sup>49</sup> Prices were supported by strong demand in early 2019 from China; however, in the second quarter, the market fell into oversupply due to a decline in construction activity as a result of severe weather conditions in East Asia, resulting in an overall decline in metallurgical coal prices year on year.<sup>49</sup>

In 2020, the impacts of COVID-19 caused a decline in metallurgical coal prices, as demand for crude steel declined, resulting in global steel producers curtailing production.<sup>49</sup> The Australian premium HCC spot price has averaged US\$129/t FOB year to date September 2020, reaching a low of US\$107/t FOB in June before recovering.<sup>49</sup> As a result of the uncertainty surrounding COVID-19, AME expects the premium HCC spot price to remain lower for the rest of the year, and to recover beyond 2020 as expected demand for steel returns.

Over the next five years, AME considers that the current depressed prices for metallurgical coal will be unsustainable for operators outside of existing producing regions such as the Bowen Basin, and as a result expects prices to recover over the next five years.<sup>49</sup> The average premium HCC contract price is expected to increase from US\$133/t FOB in 2020 to US\$163/t in 2025.<sup>49,50</sup>

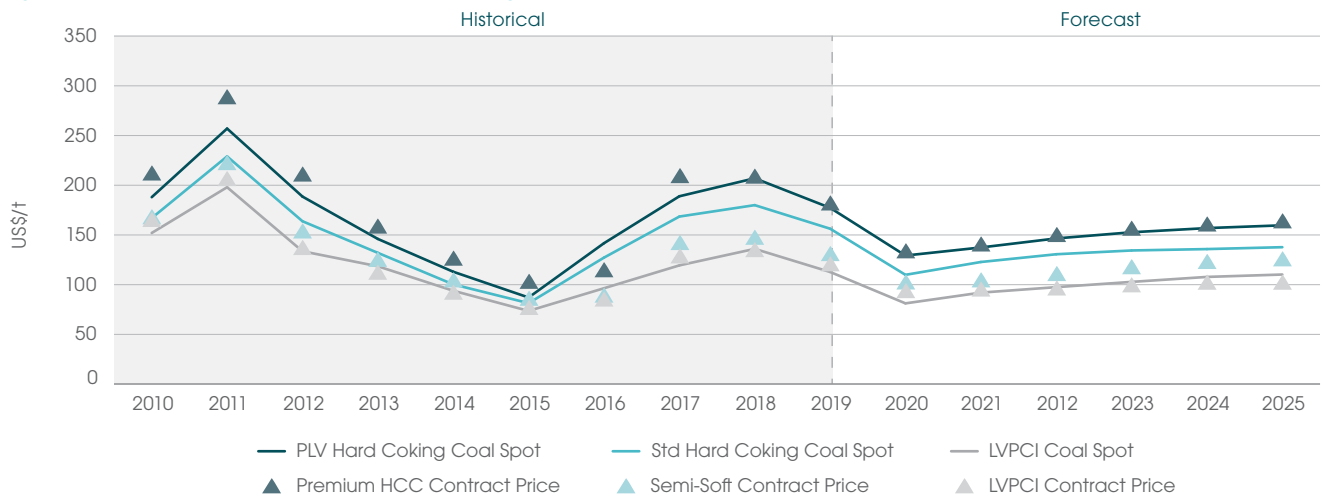
A primary driver of long term metallurgical coal prices is the cost at which operators can extract product. In addition, as current mines exhaust reserves, new mining projects may not necessarily have the same beneficial geology, location and costs as existing mines. As a result, higher production costs are expected to drive increases in prices for metallurgical coal in the long term in order to incentivise production.<sup>49</sup>

49. AME.

50. Metallurgical spot and contract prices are real (\$2020).



Figure 2.15: Historical and forecast metallurgical coal prices<sup>51</sup>



Source: AME.

#### 2.3.4. Metallurgical coal substitution risk

There is currently no viable substitute for steel as the global economy is reliant on steel for its adaptability and cost effectiveness.<sup>52</sup> As outlined in Section 2.3.1, steel production is forecast to grow at a 2.4% CAGR over the next 5 years. In the medium term, key upward drivers of demand are expected to be infrastructure and development programmes in developing countries, coupled with ambitious steel production goals of these countries.<sup>52</sup>

World crude steel production is split between two primary production methods, BOF and electric arc furnace (EAF). In 2020, approximately 73% of global steel is expected to be produced through BOF technology.<sup>52</sup> Feedstock for BOF steel production is primarily iron ore and metallurgical coal (including PCI). There is currently no viable substitute for metallurgical coal in the BOF process.<sup>52</sup>

Figure 2.16: Overview of BOF and EAF steel production technology

	Global steel production		Feedstock <sup>53</sup>	Average production cost per tonne of steel (\$2020) <sup>54</sup>
	2020F	2025F		
BOF	73%	70%	Iron ore, metallurgical coal (generally imported)	US\$411/t
EAF	27%	30%	Scrap steel (generally sourced domestically)	US\$455/t

Source: AME.

The balance of global steel production as at 2020 (approximately 27%) was produced from EAF.<sup>52</sup> EAF use scrap steel as the primary feedstock, with operators requiring approximately 0.7 tonnes of recycled steel, as well as other materials, for 1 tonne of crude steel.<sup>55</sup> As such, EAF production is dependent on the availability of scrap steel as feedstock.<sup>52</sup>

51. Metallurgical spot and contract prices are real (\$2020).

52. AME.

53. Primary feedstock.

54. Production cost includes the cost of ferrous and carbon feed, labour and operations, power and energy, and site administration.

55. Fact sheet: Steel and raw materials, World Steel Association 2019.

## 2. Industry Overview (continued)

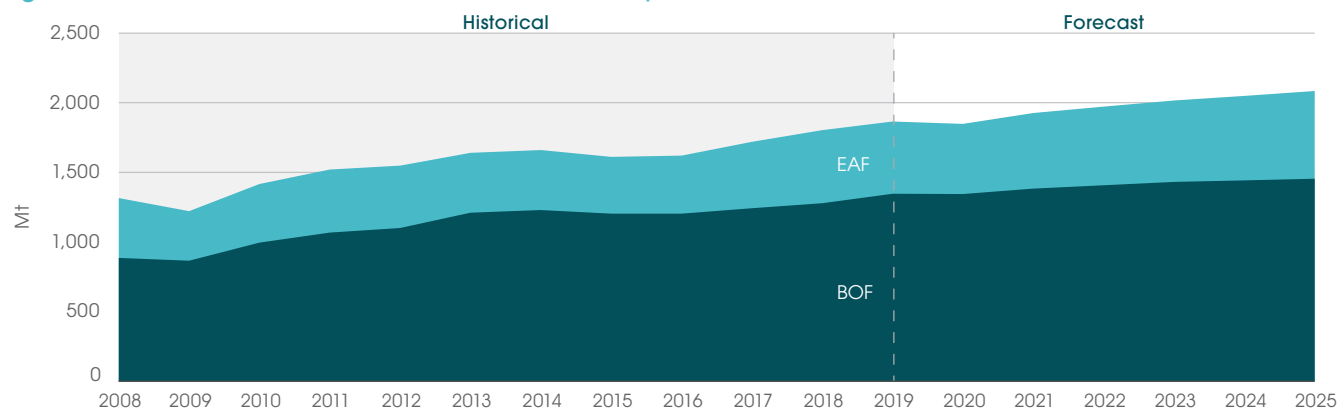
Despite a movement to EAF production in recent years, BOF production continues to contribute a larger proportion of steel production than EAF and most large scale producers in China, Korea and Japan utilise the scale of BOF over EAF. China's scrap steel is currently limited and it is not expected to have sufficient scrap for at least 15 years to implement a transition from BOF to EAF. Most Chinese blast furnaces are modern and efficient, with minimal emission levels, and a large proportion of China's steel production requires advanced high-strength steel, which cannot be manufactured by EAF. The production of advanced high-strength lightweight steels used in auto manufacturing, construction and for infrastructure such as wind turbines requires tight control of steel chemistry, which can currently only be achieved with BOF.<sup>56</sup>

Continued growth in BOF steel production is expected to be driven by India and SEA countries as they continue to construct larger BOF to support their economies' increasing demand for steel.<sup>56</sup>

Figure 2.17 shows the global share of steel production between BOF and EAF over time, highlighting that BOF production is expected to increase from 1,344Mt in 2020 to 1,454Mt in 2025.<sup>56</sup>

Figure 2.19 shows BOF production for key countries and regions in 2020 and 2025, respectively.

Figure 2.17: Historical and forecast share of crude steel production between BOF and EAF



Source: AME.

Figure 2.18: 2020F BOF production by country

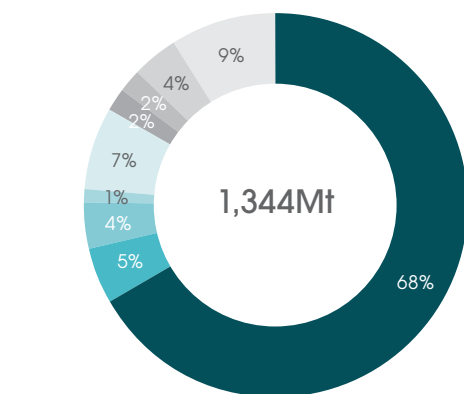
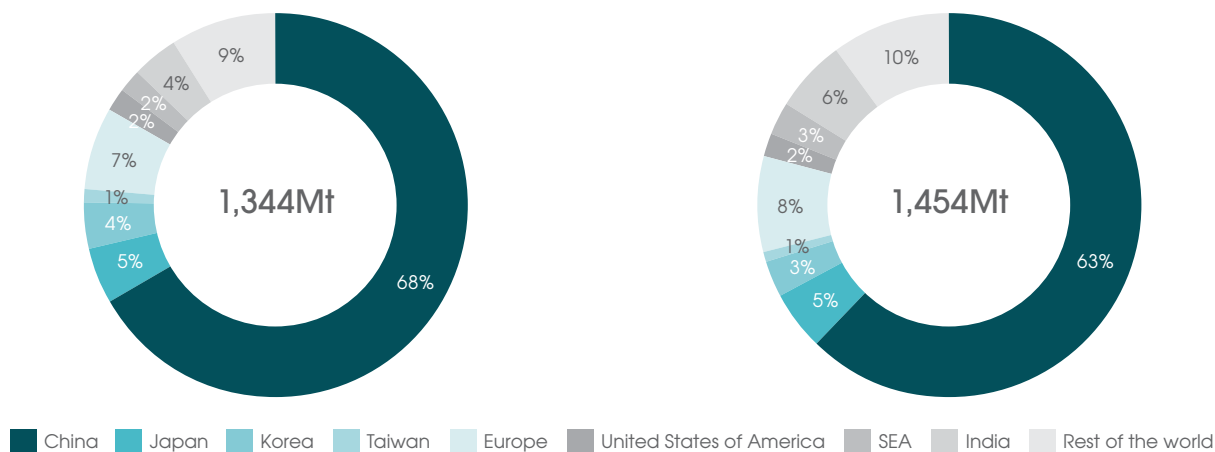


Figure 2.19: 2025F BOF production by country



Source: AME.

Alternative technologies are under development that are designed to reduce the emissions intensity of steel making. Hydrogen based steel making technology has recently been attracting investment and government support in an attempt to achieve zero-emission steel production. Most of these technologies remain in early stages of development with no planned date for commercial production. Key limitations of these technologies relative to BOF production include their higher cost and lack of ability to produce at a commercial scale. Figure 2.20 compares alternative steel making technology, showing the current production capacity of each technology relative to steel production in 2019.

56. AME.

Figure 2.20: Alternative steel making technologies

Alternative technology	Development status	Current capacity (Mtpa)	Estimated % of global steel production <sup>57</sup>	Carbon intensity (t CO <sub>2</sub> /t steel)	Requires coal?
COREX	Commercial	4.60	0.2%	1.25	Yes
HYL	Commercial	22.65	1.2%	2.06	Yes <sup>58</sup>
100% Scrap EAF	Commercial	40.00	2.1%	0.50	Yes
MIDREX	Commercial	92.00	4.9%	2.30	Yes <sup>58</sup>
FINMET	Commercial/Demonstration	2.20	0.1%	1.90	Yes
FINEX	Commercial/Demonstration	4.10	0.2%	1.20	Yes
Hisarna	Demonstration	1.00	0.1%	2.50	Yes
ITmk3	Demonstration/Pilot	0.50	0.0%	2.20	Yes
Hybrit	Pilot/Concept	0.01	0.0%	0.10	No
SALCO	Concept/Feasibility Study	0.01	0.0%	0.11	No
MOE – electrolysis	Concept/Feasibility Study	0.01	0.0%	0.32	No
Course 50	Concept/Feasibility Study	0.01	0.0%	1.54	No

Source: AME.

### 2.3.5. Thermal coal demand drivers and end markets

DBT handles predominantly metallurgical coal, with thermal coal accounting for approximately 20% of product shipped through the terminal in 2019. Over time, DBI expects the proportion of metallurgical coal handled to increase and the proportion of thermal coal handled to commensurately decrease.<sup>59</sup>

Thermal coal is primarily used in electricity generation, accounting for approximately 71% of thermal coal consumption in 2019.<sup>58</sup> Other applications include heating and manufacturing.

Electricity generation mix drives demand for fuel sources, which are a function of resource availability, government policy, price and demographics. The transition to low carbon economies in developed countries, together with substantial reductions in energy intensity, has resulted in a material shift in the electricity generation mix towards renewable technologies, such as wind and solar.<sup>59</sup>

However, the generation mix differs across countries. Thermal coal fired generation continues to represent one of the lowest cost, most efficient and reliable sources of electricity for developing countries.<sup>59</sup> As such, emerging nations and India continue to invest in coal fired generation to support their increasing industrialisation and urbanisation.<sup>59</sup> In addition, the expected timeline for phasing thermal coal out of the energy mix in mature Asian generation markets such as Japan, Korea, Taiwan and China remains long given the relatively young age of their thermal coal power plants.<sup>59</sup>

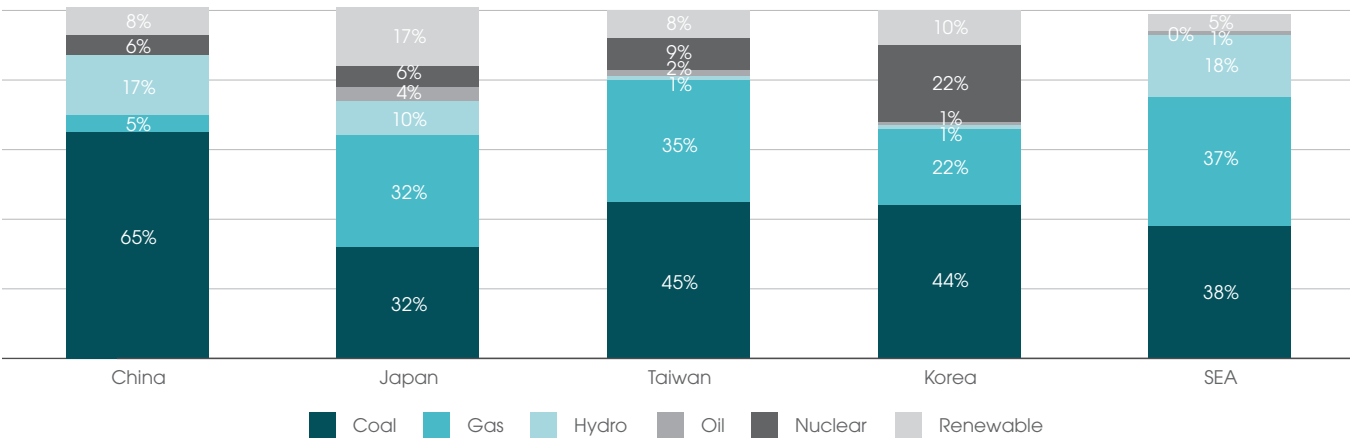
57. Estimated proportion of 2019 global steel production based on current capacity divided by 2019 total steel production.

58. Alternative technology can also utilise natural gas.

59. AME.

## 2. Industry Overview (continued)

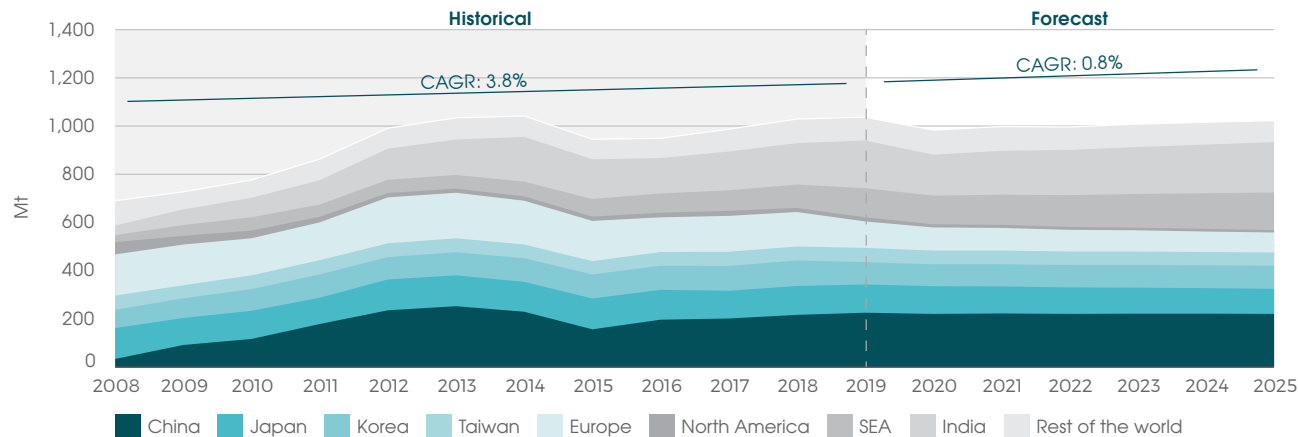
Figure 2.21: 2020 forecast global power generation mix by country



Source: AME.

Demand for global thermal coal exports is expected to increase from 983Mtpa in 2020 to 1,022Mtpa in 2025, a 0.8% CAGR.<sup>60</sup> The growth in thermal coal demand is underpinned by continuing demand from Asia, with 28GW of coal fired generation under construction in SEA and the average age of the thermal fleet is ten years.<sup>60</sup>

Figure 2.22: Historical and forecast thermal coal demand



Source: AME.

Figure 2.23: 2020F thermal coal demand

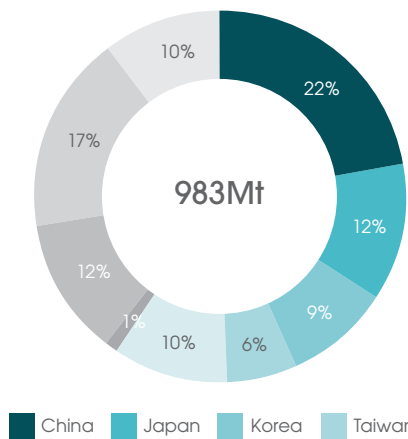
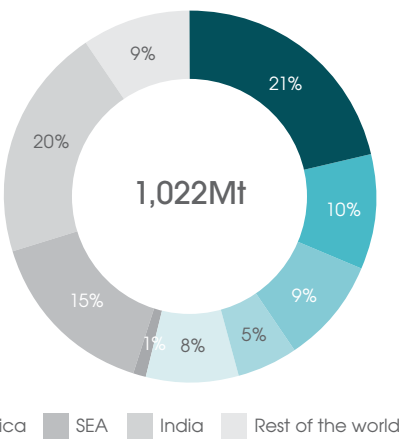


Figure 2.24: 2025F thermal coal demand



Source: AME.

60. AME.

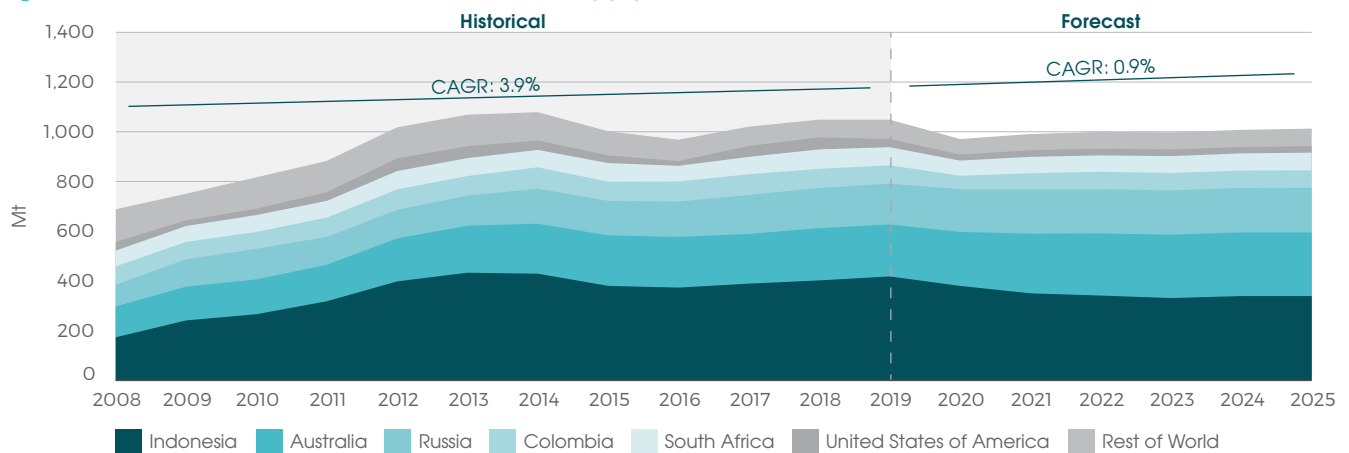


### 2.3.6. Thermal coal supply

Global supply of export thermal coal is currently dominated by Indonesia, Australia, Russia, Colombia and South Africa. Australia is expected to gain market share in the thermal coal export market due to increasing demand for high quality thermal coals with high calorific value, low ash and low sulphur contents.<sup>61</sup>

The Bowen Basin accounts for approximately 33% of Australian thermal coal exports, which it is estimated will comprise approximately 7% of global thermal coal supply in 2020.<sup>61</sup> This low proportion reflects the underlying composition of the Bowen Basin's resources, which are predominantly metallurgical coal.

Figure 2.25: Historical and forecast thermal coal supply



Source: AME.

Figure 2.26: 2020F thermal coal supply

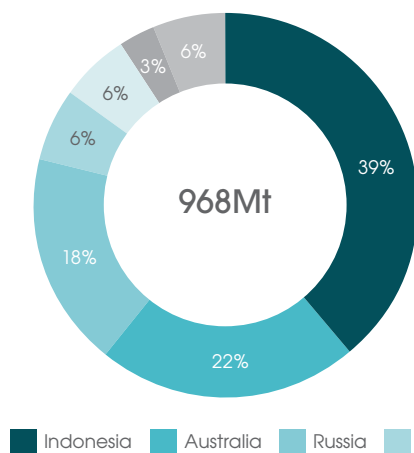
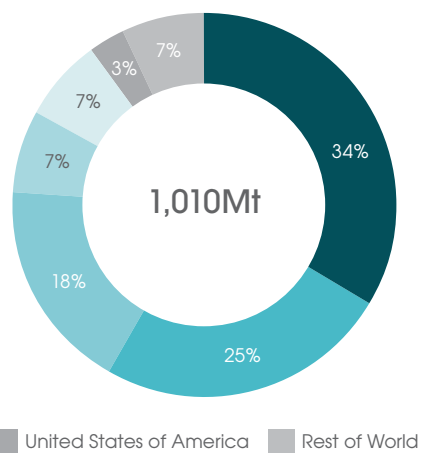


Figure 2.27: 2025F thermal coal supply



Source: AME.

## 2.4. Bowen Basin overview

### 2.4.1. Bowen Basin mine economics

Bowen Basin metallurgical coal mines generally have favourable margins relative to mines from other regions globally. Factors that generally contribute to favourable margins for Bowen Basin mines include:

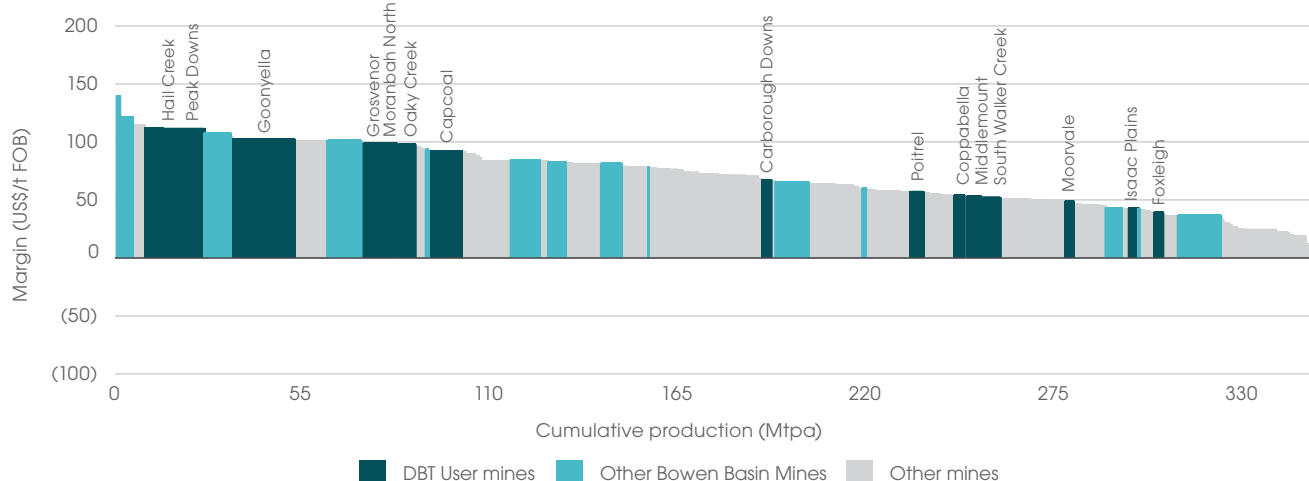
- high quality metallurgical coal products, which realise strong prices;<sup>61</sup>
- favourable and well understood geology which supports low operating costs via high productivity underground longwall and low strip ratio open cut mining;<sup>61</sup> and
- relatively low port and rail transportation costs.<sup>61</sup>

61. AME.

## 2. Industry Overview (continued)

As illustrated in Figure 2.28, DBT User mines generated strong margins in 2019, with some User mines amongst the highest margin mines globally.

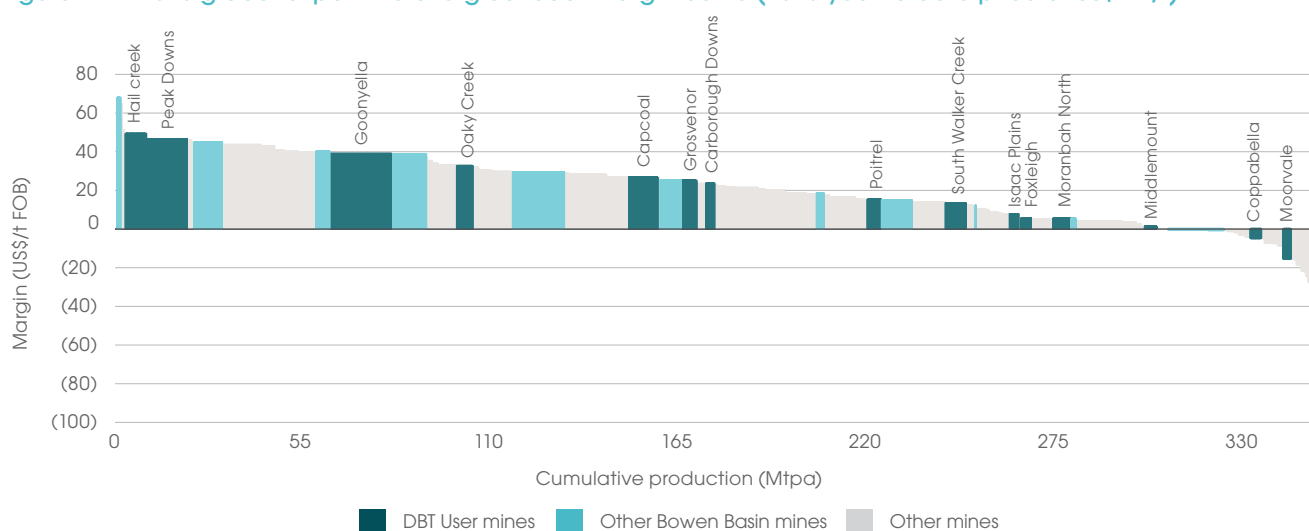
Figure 2.28: 2019 global export metallurgical coal margin curve (2019 average price of US\$181/t)<sup>62</sup>



Source: AME.

Bowen Basin mines are typically able to maintain positive margins even at low points in the price cycle due to their relatively high realised prices and low cost of production, as well as the progressive nature of the Queensland Government coal royalty system, which reduces as the realised coal price falls.<sup>63</sup> As a result of COVID-19, the premium HCC price has averaged US\$129/t FOB between January and September 2020, compared to an average of US\$181/t FOB throughout 2019. Despite this decline in prices, over 85% of DBT User mines are estimated to have continued to generate positive margins, as illustrated in Figure 2.29.<sup>64</sup>

Figure 2.29: 2020 global export metallurgical coal margin curve (2020 year to date price of US\$129/t)<sup>65</sup>



Source: AME.

62. Margin curve based on the premium HCC price of US\$181/t FOB and LVPCI average contract price of US\$130/t FOB. AME calculate margin by taking estimated price received at each mine (which may be at a premium or discount to benchmark) minus FOB cash costs, including royalties, but excluding depreciation and sustaining capital expenditure.

63. Queensland's royalty payable for coal sold is calculated by multiplying the royalty rate by the current value of the coal. For further information, refer to Queensland Treasury, Determination of Coal Royalty.

64. AME.

65. Margin curve at US\$129/t FOB 2020 year to date average and LVPCI year to date average contract price of US\$93/t FOB. Chart includes BMA mines. AME calculate margin by taking estimated price received at each mine (which may be at a premium or discount to benchmark) minus FOB cash costs, including royalties, but excluding depreciation and sustaining capital expenditure.

### 2.4.2. Bowen Basin supply

There are significant coal reserves and coal resources present within the Bowen Basin to support continued production. Current coal reserves are estimated at approximately 6,656Mt and current coal resources are estimated at approximately 34,386Mt, which compares to the current production rate of 200Mtpa, thereby supporting a long-life of operations.<sup>66</sup>

Supply of metallurgical coal from the Bowen Basin is expected to increase with the anticipated increase in export metallurgical coal demand as outlined in Section 2.3.1. Factors that support this expected increase in supply from the Bowen Basin include its current position as the largest established export metallurgical coal supply region globally, significant resource base of high quality metallurgical coals, relatively low cost production, freight advantages to core stable and high growth metallurgical coal demand centres and existing export infrastructure.<sup>67</sup>

This expected increase in supply from the Bowen Basin is supported by ongoing development and expansion activity. The Queensland Government also remains generally supportive of new metallurgical coal developments, as evidenced by the approval of four out of four applications for metallurgical coal licences through the Environmental Impact Statement (EIS) process since 2015. One application in relation to Winchester South remains in progress.<sup>68</sup>

As outlined in Section 2.3.2, the central area of the Bowen Basin contains higher quality metallurgical coals. As a result, production of metallurgical coal is concentrated in the region, with approximately 56% of the Bowen Basin's metallurgical coal supply currently coming from the central Bowen Basin.<sup>67</sup> In addition, the majority of new metallurgical coal projects in Queensland are located in the central part of the Bowen Basin, targeting high quality reserves adjacent to existing metallurgical coal producers. Figure 2.30 shows projects located in the Bowen Basin, highlighting that potential new supply of metallurgical coal from the Bowen Basin is expected to come from the central region.

Figure 2.30 shows projects located in the Bowen Basin, highlighting the potential new supply of metallurgical coal from the Bowen Basin that is expected to come from the central region. AME expects up to 58Mt of production by 2030 from these new projects. All of these projects could potentially utilise DBT.

Outside of the central Bowen Basin, AME expects no significant metallurgical coal projects in the pipeline in the short to medium term. As a result, AME expects Bowen Basin development projects to be key sources of new metallurgical coal supply in the future.

66. AME. All references to coal resources and coal reserves are sourced from third parties and measured in accordance with their source data, which includes AME and regulatory filings and may not be JORC Code-compliant.

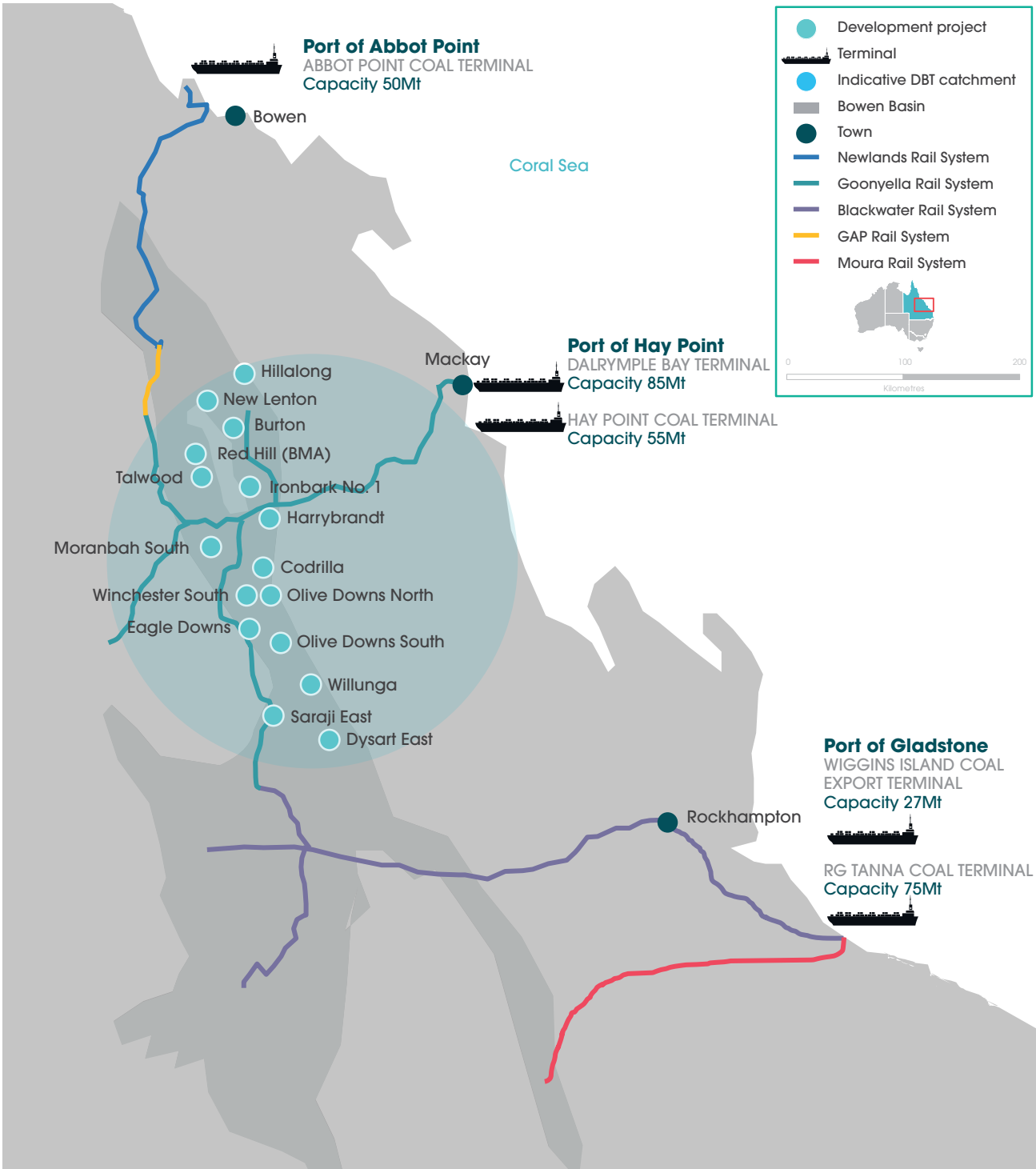
67. AME.

68. Queensland Government, Completed mining EIS processes. Does not include withdrawn or lapsed projects.



2. Industry Overview (continued)

Figure 2.30: Map of central Bowen Basin with proposed metallurgical coal development projects<sup>69</sup>



Source: AME.

Table 2.2 provides an overview of some of the potential development projects expected to contribute to this new supply. The majority of the projects are owned by highly experienced producers and are expected to generate significant margins at the forecast prices shown in Figure 2.15.<sup>70</sup>

The central region of the Bowen Basin forms the core of DBT’s catchment area.<sup>69</sup> See Section 4.10 for further analysis on DBT’s potential throughput profile.

69. DBT catchment area as defined by AME. Indicative catchment area shown as blue circle.

70. AME.

Table 2.2: Potential Bowen Basin development projects

Owner	Mine (Forecast Start Up)	Status	Estimated Saleable Production	Estimated Reserves (Mt)	Estimated Resources (Mt)	Estimated Cash Costs <sup>71</sup> (US\$FOB/t)	Estimated Capex (US\$m)	Estimated Mine Life (years)	Description
Anglo American/Exxaro Resources	Moranbah South (2028)	On hold	14.0 (100% Met)	N/A	732	\$85 – 90/t	\$1,500m	> 40 years	<ul style="list-style-type: none"> <li>Large underground metallurgical coal mine with state and governmental approval targeting the Goonyella Middle seam</li> </ul>
Fitzroy Resources	Ironbark No. 1 (2021)	In construction	3.4 (54% Met/ 46% Thermal)	48	360	\$80 – 90/t	\$250m	> 40 years	<ul style="list-style-type: none"> <li>Coal mine targeting first production in Q1 2021</li> <li>Expected to share major infrastructure with Fitzroy's Carborough Downs mine</li> </ul>
New Hope Group/Formosa Plastics	New Lenton (2022)	Awaiting approvals	1.6 (50% Met/ 50% Thermal)	35	380	\$90 – 100/t	\$500m	> 40 years	<ul style="list-style-type: none"> <li>Open-cut coal resource with 10% ownership by Formosa Plastics</li> <li>Expected to leverage nearby Burton mine infrastructure (also owned by New Hope/Formosa Plastics) to develop both mines as a joint venture</li> </ul>
Pembroke Resources	Olive Downs/Willunga (2022/2030)	Under development/ Approvals received	8.9/5.9 (100% Met) <sup>72</sup>	514	813	\$80 – 85/t/\$85 – 90/t	\$771m	> 40 years	<ul style="list-style-type: none"> <li>Large metallurgical coal mine for export to the Asian market</li> <li>Olive Downs expected to commence production in 2022, Willunga in approximately 2030</li> </ul>
South32/Aquila Resources	Eagle Downs (2022)	Feasibility study commenced	4.5 (90% Met/ 10% Thermal)	254	1,122	\$90 – 100/t	\$964m	> 40 years	<ul style="list-style-type: none"> <li>Fully permitted, partially developed underground long wall metallurgical coal mine and processing plant in close proximity to existing heavy haul rail lines</li> </ul>
Whitehaven Coal	Winchester South (2024)	Development asset	8.0 (70% Met/ 30% Thermal)	N/A	530	\$90 -95/t	\$440m	55 years	<ul style="list-style-type: none"> <li>Large open-cut mine potentially capable of producing high quality metallurgical coal for export to the Asian market with a coal processing plant and rail loop</li> </ul>

**Estimated Total Saleable Production: 46.2Mtpa**

Source: AME, company reports. Resources stated inclusive of reserves. All references to resources and reserves are sourced from third parties and measured in accordance with their source data, which includes AME and regulatory filings and may not be JORC Code-compliant. "Mine life" is estimated by AME based on expected reserve depletion, determined by dividing proved and probable reserves by production at AME's expected production rate. It does not take into account any change in technology, mining method, economics or other factors.

71. Cash costs include royalties.

72. Following commencement of Willunga operations, production mix expected to change to 97% Met/3% Thermal.

## 2. Industry Overview (continued)

### 2.5. Queensland coal export terminals

There are five coal export terminals accessible by rail from the Bowen Basin: DBT, HPCT, Abbot Point Terminal (APT), RG Tanna Coal Terminal (RG Tanna) and Wiggins Island Coal Export Terminal (WICET). Collectively, these terminals provide 292Mtpa in export capacity.<sup>73</sup>

Table 2.3: Queensland coal export terminals

Terminal	Location	Nameplate capacity (Mtpa)	Estimated Product mix as at 2019	Completion	Access status	Contracted capacity/expansion status
DBT	Hay Point	85	79% Metallurgical 21% Thermal <sup>74</sup>	1983	Multi-user Open access	Fully contracted to 84.2Mtpa from July 2022 to June 2028. <sup>75</sup> Well-defined pathway to expand capacity to 97.5Mtpa and further potential to expand to 135.7Mtpa
HPCT	Hay Point	55	99% Metallurgical 1% Thermal	1971	Dedicated user Closed access <sup>76</sup>	Privately owned by BMA and only services BMA mines <sup>76</sup>
APT	Abbot Point	50	46% Metallurgical 54% Thermal	1984	Multi-user	Capacity expansion in the medium-term considered unlikely without development of large scale Galilee Basin projects, after initial development of Carmichael utilises remaining capacity <sup>73</sup>
WICET	Gladstone	27	50% Metallurgical 50% Thermal <sup>73</sup>	2015	Multi-user Open access under an access policy	Currently contracted to 15.5Mtpa of 27.0Mtpa capacity. <sup>77</sup> Capacity expansion considered unlikely due to existing excess capacity and high terminal charges <sup>73</sup>
RG Tanna	Gladstone	75	66% Metallurgical 34% Thermal	1980	Multi-user	Capacity expansion considered unlikely in the short to medium term, without firm commitment that its users will utilise the additional throughput <sup>73</sup>

Source: AME.

Note: Estimated product mix based on production at supplying mines.

73. AME.

74. Based on actual throughput.

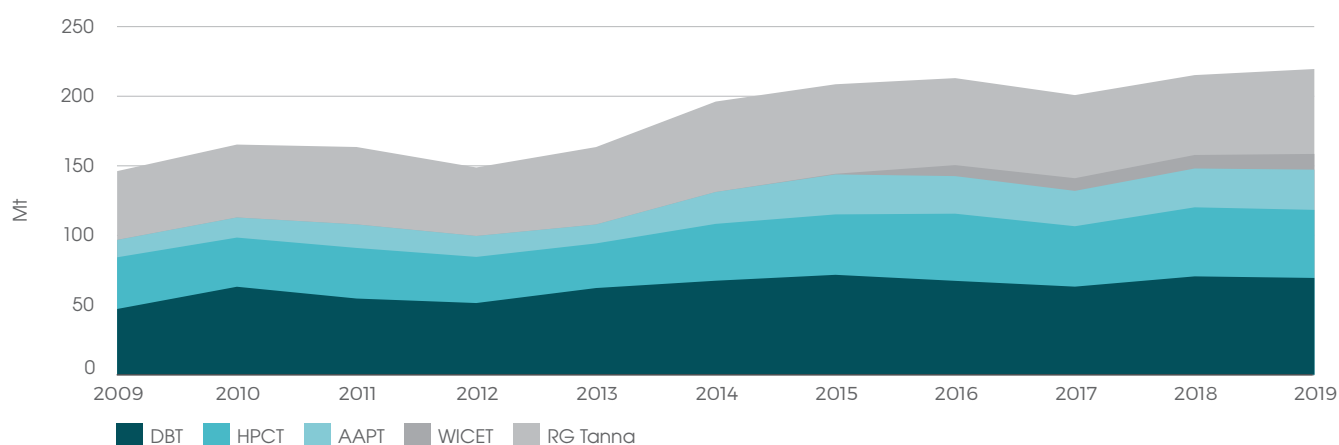
75. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under discussion with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4mtpa of capacity that would otherwise expire between June 2031 and June 2033.

76. DBI understands that BMA provides BMC (a related party) with limited access to HPCT, pursuant to an agreement between the parties.

77. Wiggins Island Coal Export Terminal Pty Ltd. Note that Wiggins Island Coal Export Terminal Pty Ltd has not provided their consent for any statements to be included in the Prospectus.

DBT has consistently handled the greatest volume of coal exported from the Bowen Basin since 2013. This is reflective of its strategic position adjacent to mines in the central Bowen Basin. Growth in exports from this region has been the primary driver of DBT's expansions since commissioning to its current Nameplate Capacity of 85Mtpa, as outlined in Section 4.11.

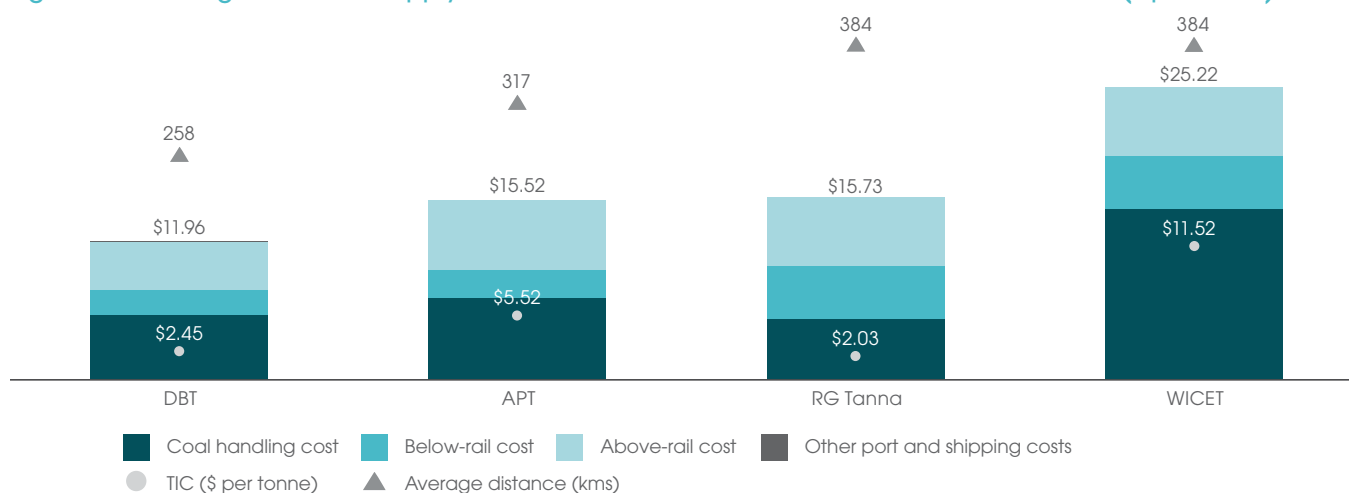
**Figure 2.31: Queensland coal terminal's throughput over the past ten years**



Source: AME.

As shown in Figure 2.32, DBT is estimated to be the lowest cost multi-user export pathway for central Bowen Basin mines on average given its rail advantaged location. This advantage is expected to continue to underpin DBT's position as the pathway of choice for central Bowen Basin mines to export markets.

**Figure 2.32: Average estimated supply chain costs for central Bowen Basin multi-user terminals (\$ per tonne)<sup>78</sup>**



Source: QCA Final Recommendation, Part C, DBCT, March 2020, p.19 & 256.

78. Comparison of supply chain costs incurred by central Bowen Basin mines if they shipped through an alternate, more distant terminal, as reported in the QCA's Final Recommendation, Part C, DBCT, March 2020. Supply chain costs have been estimated based on publicly available data for key supply chain elements: above rail, below rail, access charges and handling charges. Below rail costs reflect the average cost across all mines regardless of location. Both above and below rail costs do not account for costs that Goonyella system users would incur on the Goonyella system before traversing another system to access alternative terminals. To this extent, the cost difference shown is considered conservative. HPCT is not shown given it is privately owned by BMA and not available to non-BMA volumes.





## Section 3

# Commercial Framework

## 3. Commercial Framework

### 3.1. Introduction

Services at DBT are currently subject to regulation by the QCA, Queensland's independent economic regulator. DBT's services are declared under the QCA Act and are subject to a third party access regime which provides a framework for setting the terms and conditions upon which access to the terminal is provided.

The current regulatory framework is mature and transparent. The QCA currently sets access prices at DBT under a revenue cap model. The ARR for DBT is determined based on a 'building blocks' methodology which provides for a regulated return on DBT's asset base. A single reference tariff, referred to as the TIC, is paid by all Users. The TIC is payable for each contracted tonne at DBT and is calculated by dividing the ARR by the total contracted tonnage.

This model is reflected in a QCA-approved Access Undertaking that sets out the terms of terminal access, the process to negotiate access and the process for resolving disputes, and the Access Agreement under which Users contract access to DBT.

The Access Undertaking and associated ARR is reviewed by the QCA every five years. The current Access Undertaking for DBT was approved in February 2017 (with pricing backdated to 1 July 2016) and expires on 1 July 2021.

The process in relation to the 2021 Access Undertaking is ongoing. In its DAU, DBIM has proposed a transition to a lighter-handed regulatory framework under which the TIC is set based on commercial negotiations with Users and Access Seekers rather than determined by the QCA. Importantly, this transition does not require any amendment to existing User contracts.<sup>79</sup> These Access Agreements expressly contemplate negotiation between DBT and each User in order to set the TIC. These matters are explained further in Section 3.5.2.

The Queensland Treasurer is responsible for administering the QCA Act, which includes making a declaration in relation to DBT's services (that is, whether the DBT service should be regulated). The current declaration in relation to DBT was renewed in June 2020 for a further 10 year period, expiring in September 2030.<sup>80</sup>

The access regulation regime that applies under the QCA Act is certified as effective under Pt III of the *Competition and Consumer Act 2010* (Cth). As a result, while the regulation regime that applies under the QCA Act remains certified as effective under Pt III of the *Competition and Consumer Act 2010* (Cth), the federal access regime administered by the Australian Competition and Consumer Commission (ACCC) does not apply. The current certification was given for a period of 10 years expiring 10 July 2021. The certification may be extended on application to the National Competition Council by the Queensland Premier.

### 3.2. Annual Revenue Requirement

#### 3.2.1. Revenue building blocks

Under the current regulatory framework, the QCA determines the ARR at the commencement of each regulatory period based on a building blocks methodology. This methodology has been widely adopted by other Australian regulators such as the Australian Energy Regulator and those in other jurisdictions such as the UK (Ofgem, Ofwat) and the USA (FERC). Key building blocks include:

- a return on capital, which requires determination of a benchmark weighted average cost of capital (WACC) and the Regulated Asset Base (RAB);
- a return of capital via a depreciation allowance;
- full recovery of DBIM's efficient operating costs (including tax, corporate overheads, remediation obligations and the QCA Levy); and
- an adjustment for inflation.

Building block parameters are designed to provide a return that is sufficient to incentivise the investment in, and efficient operation of, DBT.

79. Other than consequential amendments to give effect to the removal of a QCA-determined reference tariff.

80. DBI is of the view that DBT does not meet the criteria for formal economic regulation and has filed an application for judicial review of the Treasurer's Decision that DBT's declaration should be extended for a further 10 years (see Section 3.5.1).

### 3. Commercial Framework (continued)

Figure 3.1: Revenue building blocks

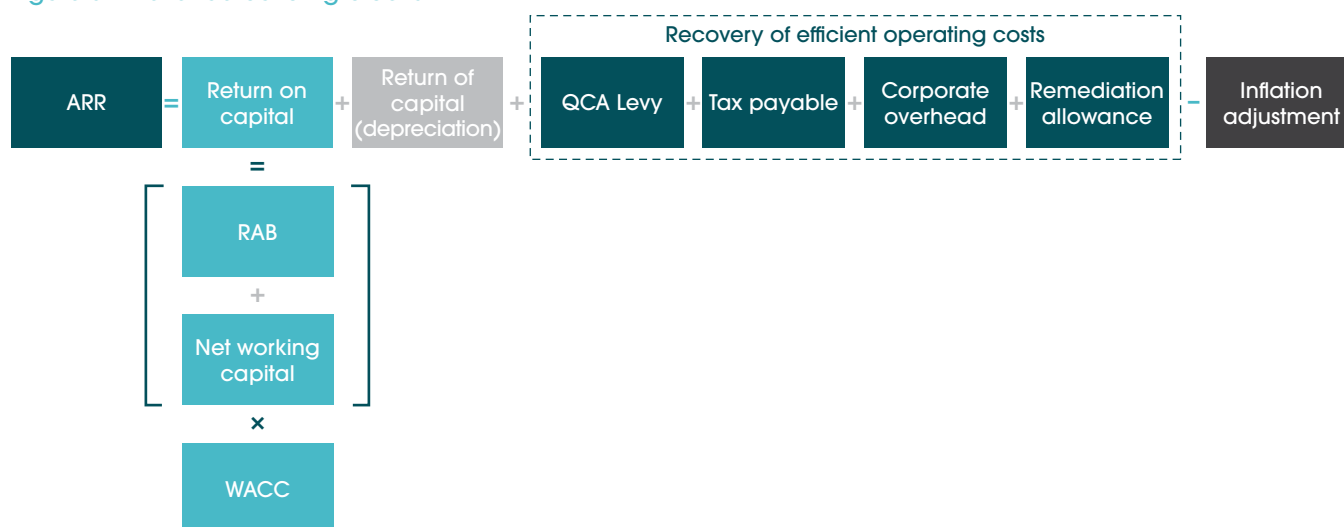


Table 3.1: Summary of revenue building blocks

<b>Return on capital</b>	The return on capital is calculated as the WACC multiplied by the opening RAB and an allowance for working capital. The WACC is set based on a benchmark efficient entity with an equivalent systematic risk profile to DBT.
<b>Opening RAB</b>	In 2005, the initial RAB was set by the QCA based on a conventional regulatory Depreciated Optimised Replacement Cost ( <b>DORC</b> ) methodology. For subsequent regulatory resets in 2010 and 2017, the QCA adopted the practice of rolling the RAB forward on an annual basis without any optimisation adjustments. The opening RAB in any year is therefore based on the closing RAB of the prior year. The practice of rolling forward the RAB is consistent with the QCA's approach on other regulated assets in Queensland.
<b>Movements in the RAB</b>	Each year the RAB is adjusted for approved capex, a depreciation allowance and inflation indexation.
<b>Working capital allowance</b>	A working capital allowance based on net 30 day credit terms is added to the opening RAB for the purpose of calculating the return on capital.
<b>WACC</b>	<p>The WACC reflects the weighted average return on equity and cost of debt required by a benchmark efficient entity. Both parameters require estimation of market factors and firm-specific factors and are updated at the commencement of each regulatory period.</p> <p>The QCA's estimation methodologies are aligned with conventional regulatory practice in Australia and internationally, with the return on equity based on the Capital Asset Pricing Model (<b>CAPM</b>) and the cost of debt reflecting the yield on corporate bonds at a benchmark credit rating. The QCA retains an 'on the day' approach to setting risk free rates and cost of debt allowances in the WACC.</p> <p>There are no binding rate of return guidelines applicable to QCA decisions and the QCA has flexibility to set WACC parameters having regard to the QCA Act and circumstances specific to each regulated business.<sup>81</sup></p>

81. The QCA is currently reviewing its approach to determining reasonable rates of return for the businesses it regulates. The QCA has released a consultation paper for discussion and has called for submissions by 14 December 2020.



<b>Return of capital (depreciation)</b>	DBIM recovers its investment in DBT via a depreciation allowance. For all assets, depreciation is currently calculated based on the shorter of the asset's useful life and the economic life of DBT (2054), reflecting a determination made by the QCA in 2004 that the remaining basin life was 50 years. This has important implications for the rate of depreciation of the RAB, and therefore, both the 'return on capital' and 'return of capital' building blocks.
<b>Recovery of efficient operating costs</b>	<p>Under the building blocks model, all efficient operating costs incurred by DBIM in operating DBT are recovered through the ARR. These benchmarked costs include:</p> <ul style="list-style-type: none"> <li>• corporate overheads – employee costs, office/general administration, governance, finance, external relations, insurance and regulatory compliance;</li> <li>• tax payable – based on the ARR and deductible costs and adjusted for imputation credits and tax-sharing arrangements;</li> <li>• remediation allowance – reflects the costs associated with rehabilitating the site at the end of the lease term; and</li> <li>• QCA Levy – a pass-through of the fee charged by the QCA for administering the regulatory regime.</li> </ul> <p>Terminal O&amp;M costs are excluded from the ARR calculation. These costs are incurred by the terminal Operator and contractually recharged on a full pass-through basis to Users. The absence of QCA oversight of O&amp;M costs reflects User ownership of the Operator – a structure which the QCA accepts to incentivise operational and pricing efficiency independent of formal regulation.</p>
<b>Inflation adjustment</b>	DBIM is also compensated for the effects of inflation via indexation of the RAB. Given the nominal WACC is applied to calculate the return on capital, an adjustment is made to the ARR to avoid double-counting inflation.

### 3.2.2. Adjustments to the ARR

Under the current regulatory framework, the ARR and resulting TIC are set at the beginning of each regulatory period and are subject to both annual and ad-hoc adjustments during the period. These adjustments are based on the principle that DBIM should recover all the revenue to which it is entitled, and DBIM has recovered 100% of its ARR entitlements since regulation commenced.

Under the current regulatory framework, DBIM submits an ARR roll-forward application annually which includes forecast items such as indexation, depreciation and a levy for the cost of QCA regulatory oversight. Applications to amend the ARR are also made by DBIM in respect of specific review events, such as the addition of non-expansion capital expenditure (NECAP) to the RAB, and for other events via a Draft Amending Access Undertaking (DAAU).

Review events are defined in the Access Undertaking and grouped into two broad categories:

- review events that trigger an amendment to the TIC in the month following the event, such as a change in reference tonnage<sup>82</sup> and completion of a terminal capacity expansion; and
- review events that trigger an amendment to the TIC on 1 July each year, such as NECAP.

The QCA is obliged to approve ARR forecasts, NECAP additions and changes in contracted tonnage where calculated in accordance with the Access Undertaking. A change in these parameters results in an updated ARR and resulting TIC.

The submission of a DAAU is at DBIM's discretion and may be undertaken for any other events occurring within a regulatory period which affect the Access Undertaking. For example, where the terms of an expired Access Undertaking are retained until a new Access Undertaking is in place, DBIM may initiate a DAAU to recover any difference between the transitional TIC and the TIC calculated under the new Access Undertaking.

82. Currently all contracted tonnage at DBT is reference tonnage.



### 3. Commercial Framework (continued)

#### 3.3. Current Access Undertaking

The current Access Undertaking was approved in February 2017 (with pricing backdated to 1 July 2016) and expires on 1 July 2021. The QCA continues to monitor compliance with the Access Undertaking and approve amendments in accordance with the annual ARR roll-forward, NECAP, any approved DAAUs and other review events.

Table 3.2 below sets out the building blocks of the ARR for the current regulatory period, updated for variations approved across FY17 to FY20.

**Table 3.2: Access Undertaking ARR Building Blocks<sup>83</sup>**

	2016–17A	2017–18A	2018–19A	2019–20A	2020–21F
Return on capital	136.05	138.03	136.35	134.84	134.27
Return of capital (depreciation)	81.12	84.14	84.98	85.52	88.62
Corporate overheads	7.29	7.45	7.58	7.64	7.87
QCA levy	0.10	0.45	1.82	1.65	1.10
Remediation	7.02	7.02	7.02	7.02	7.02
Net tax allowance	7.85	8.15	8.36	8.42	8.77
Inflation adjustment	(46.44)	(47.12)	(46.54)	(46.02)	(45.82)
<b>ARR</b>	<b>192.99</b>	<b>198.13</b>	<b>199.56</b>	<b>199.06</b>	<b>201.83</b>
Reference tonnage (Mtpa)	80.70	78.70	80.58	79.22	82.40
TIC (\$/tonne)	2.39	2.52	2.48	2.51	2.45

**Table 3.3: Key WACC Parameters (Nominal)**

	2006 Access Undertaking	2010 Access Undertaking	2017 Access Undertaking
Gearing	60.00%	60.00%	60.00%
Inflation	2.50%	2.69%	2.00%
Corporate tax rate	30.00%	30.00%	30.00%
Gamma	0.50	0.50	0.47
Risk free rate	5.84%	5.08%	1.82%
Debt risk premium	1.30%	3.96%	2.89%
<b>Pre-tax cost of debt</b>	<b>7.14%</b>	<b>9.04%</b>	<b>4.72%</b>
Asset beta	0.50	0.50	0.45
Equity beta	1.00	1.00	0.87
Market risk premium	6.00%	6.00%	6.50%
Return on equity	11.84%	11.08%	7.48%
<b>Vanilla WACC</b>	<b>9.02%</b>	<b>9.86%</b>	<b>5.82%</b>

The lower WACC approved in the 2017 Access Undertaking was substantively driven by a decline in the risk-free rate and the debt risk premium allowance, in addition to a lower equity beta. Moderating the impact was a 50bps uplift in the market risk premium and a lower gamma. The cash flow impact of changes in the regulatory parameters is discussed in Section 6.

83. The financial information shown may differ from DBI's annual accounts due to minor variances in inflation, macroeconomic assumptions and depreciation.

## 3.4. NECAP and Expansion

### 3.4.1. NECAP

NECAP refers to capital works undertaken to maintain DBT to an adequate standard at the current contracted capacity, and includes both ongoing sustaining capex and major asset replacement projects. These works represent material additions to the RAB and are therefore key drivers of the ARR.

NECAP planning is a consultative process between DBIM, the Operator and Users. DBIM seeks to only undertake NECAP works if endorsed by both the Operator and Users, and there is strong alignment of interests in efficient investment in DBT.

Under the approval process set out in the Access Undertaking, the QCA must approve the addition of NECAP to the RAB where it has been supported by all Users and the Operator. The QCA has historically approved 100% of NECAP for addition to the RAB, ensuring DBIM earns the regulated rate of return on the full amount of its investment.

The approval process in relation to NECAP is substantially mirrored in DBIM's proposed DAU. The addition of NECAP to the asset base remains a review event and is reflected in the information DBI makes available to Users in negotiating the TIC. In the event of a dispute, the QCA is obliged to accept NECAP as prudent and make a consequential adjustment to the TIC where the approval process with the Operator and Users has been followed.

### 3.4.2. Expansion capex

Expansion capex refers to capital works undertaken to increase terminal capacity. The Access Undertaking sets out the process for undertaking expansion capex and determining the pricing methodology to be applied.

Where a capacity expansion does not increase (or will reduce) the TIC, it will be undertaken on a socialised basis. Under socialised pricing, the QCA determines the ARR for DBT as a whole, with a single RAB and common TIC payable by all Users. Where an expansion would increase the TIC, it is considered 'cost sensitive' and, absent other factors, is differentially priced. Under differential pricing, the expansion component(s) have a separate RAB, ARR and TIC. The ARR for the differentially priced components is only recoverable from Users of the expansion assets.

Under the commercial framework, an expansion phase can be commissioned where an incremental uplift to terminal capacity is delivered. Therefore, more frequent commissioning brings forward recognition of capex in the capital base, which results in an uplift to the TIC.

In determining whether an expansion should be differentially priced, the QCA must have regard to a number of important considerations regarding the way in which DBT operates post expansion – for example, whether the expansion assets are integrated into DBT and operated in an integrated way, and whether the expansion works benefit all Users through higher reliability, efficiency or flexibility in terminal operations. Socialisation may therefore apply to a 'cost sensitive' expansion where there is limited separability to the operation of the expansion asset and the expansion targets improvements across DBT. DBI considers that these characteristics are reflected in the proposed 8X Expansion; however, the QCA will ultimately make an independent assessment of the appropriate pricing methodology when an application is made for a price ruling (see Section 3.7).

The expansion pricing principles and role of the QCA in respect of the price ruling are preserved in the DAU. Departures from the current Access Undertaking primarily relate to the process by which the TIC is set and how expansion capex is added to the asset base. In particular:

- under the DAU, the TIC for Access Seekers who will obtain capacity from an expansion is based on commercial negotiations with individual Access Seekers (rather than set by the QCA). The information provided by DBIM to inform these negotiations will be influenced by the QCA's price ruling on whether the expansion should be socialised or differentiated – for example, whether a separate capital base is disclosed in relation to the expansion asset; and
- a DAAU would no longer be required in order for expansion capex to be recognised in the asset base and therefore flow through into the TIC. Instead, an allowance for expansion capex for a socialised expansion would be added to the TIC for each User. If a dispute arises in relation to the allowance for a socialised expansion, the QCA would be bound by requirements which require expansion costs to be reflected in an adjusted TIC where the relevant conditions are met. These requirements are consistent with the current Access Undertaking.

Further detail on the DBIM's proposed DAU is set out in Section 3.5.2.

## 3. Commercial Framework (continued)

### 3.5. Regulatory processes

#### 3.5.1. Declaration Review

Access to DBT is currently a declared service under the QCA Act. The Queensland Treasurer is responsible for administering the QCA Act, which includes the requirement to make a determination in relation to the declaration of access to the terminal.

A formal review of the declaration was undertaken by the QCA throughout 2018 and 2019 (the **Declaration Review**). Following an assessment of DBT's services against the criteria for declaration, the QCA concluded that DBT no longer met the criteria for formal economic regulation and made a recommendation to the Treasurer that DBT should not be declared. The Treasurer considered the QCA's recommendation but determined that DBT's declaration should be extended for a further 10 years.

DBT is the only coal export terminal in Australia subject to economic regulation and DBIM remains of the view that DBT does not meet the criteria for ongoing economic regulation. As a result, DBIM has filed an application for judicial review of the Treasurer's decision, with a confirmed hearing date set for 23 November 2020. The judicial review process is expected to conclude in 2021, pending any further appeals.

If the judicial review process results in the removal of the Queensland Treasurer's declaration, access to DBT will be based on commercial negotiation with Users and Access Seekers. As part of its submissions during the Declaration Review DBIM proposed that, if the declaration is removed, a legally binding access framework that would be binding on DBIM (**Access Framework**) would instead apply until 2030 in respect of terminal access and tariff setting. If accepted by existing Users, the Access Framework preserves important aspects of the Access Undertaking that underpin DBT's risk and commercial profile and provides a framework under which the TIC is negotiated on commercial terms with individual Users and Access Seekers. Any dispute would be resolved through commercial arbitration based on a set of arbitration principles that require consideration of a broad range of cost, price and other factors.

In conjunction with the Access Framework, DBIM provided a legally binding commitment that, in the event declaration ceases, any TIC levied on Access Seekers and existing Users will be capped at \$3.00/t (\$2020 indexed) above the price that would have been calculated under the most recent QCA regulatory model.

The full implications of removal of the declaration (in the event the judicial review process is successful) on price outcomes and current Access Agreements will depend on a number of factors and are subject to negotiations with each User. The removal of the declaration and the cessation of the RAB and the QCA as an independent regulator would also require the amendment of certain debt covenants in DBI's finance arrangements. In addition, DBI has a contractual obligation to maintain an Access Undertaking approved by the QCA under the PSA. DBI will need to negotiate with DBCT Holdings to remove this requirement should the services at DBT cease to be declared.

#### 3.5.2. 2021 Regulatory Reset

##### Reset process

The current regulatory reset process commenced when the QCA issued an Initial Undertaking Notice requiring DBIM to submit a DAU for DBT in respect of the next five year regulatory period. The DAU was made available to the public and stakeholders have been invited to make submissions on the DAU and specific matters identified by the QCA at various points in the process.

Customers of DBT are actively engaged in the process and generally coordinate and express views on regulatory issues as a collective 'User group'. Submissions made by DBIM typically take the form of a marked-up DAU as well as commentary and responses to the QCA and stakeholder submissions. The process is consultative and transparent, with the QCA considering all submissions prior to the release of a draft decision and final decision.

Once approved, the DAU becomes the Access Undertaking for the five year regulatory period.

## Overview of 2021 Reset

The QCA released a draft decision in relation to DBIM's DAU on 26 August 2020. The Draft Decision represents an important milestone in the regulatory framework that applies to DBT. In the Draft Decision, the QCA has indicated that a lighter-handed framework may be appropriate to approve subject to certain amendments being made to the DAU proposed by DBIM.

Under a lighter-handed framework, access to DBT would remain regulated and key elements of its commercial and risk profile would remain relatively unchanged. However, access charges (the TIC) would be determined through commercial negotiations between DBIM and individual Users and Access Seekers. As a result, the TIC would no longer be set by the QCA at the commencement of each regulatory period, based on the application of the historical building block methodology.

The QCA would act as arbitrator in the event there is a dispute between DBIM and a User or Access Seeker. In conjunction with the Draft Decision, the QCA also published guidelines in relation to how it will conduct any arbitration. Importantly, the Arbitration Guidelines are procedural in nature and principles based, rather than outlining prescriptive assessment criteria, which is expected to facilitate primacy of negotiation.

The QCA sought stakeholder submissions on the Draft Decision and the Arbitration Guidelines by 23 October 2020. Stakeholders, including DBIM, made submissions by the due date.

In response to Stakeholder submissions, the QCA held a stakeholder forum on 18 November 2020 and further submissions are due by 4 December 2020.

## Key Aspects of the Draft Decision and Arbitration Guidelines

In the Draft Decision, the QCA has set out a number of amendments that are required to the DAU in order for it to be approved. The amendments required primarily relate to:

- the provision of information, including disclosure and explanation of DBIM's approach to estimating specific pricing parameters; and
- addressing technical issues with specific non-pricing terms, in particular, the requirement for parties to enter into binding access agreements before a preliminary view on the likely TIC has been formed.

Information disclosure required by the Draft Decision reflects established regulatory precedent in Australia and is similar to requirements under the Financial Reporting Guidelines for pipelines, which are maintained by the Australian Energy Regulator under the National Gas Rules.

If the Draft Decision is implemented, the concept of a formal RAB will be replaced by a capital asset base,<sup>84</sup> which will continue to be 'rolled forward' and updated by DBIM in a manner consistent with the current approach. Capital additions to the asset base through NECAP and expansion will underpin the build-up of an appropriate tariff and are expected by DBI to be reflected in the TIC negotiated with each User, such that DBIM continues to earn a return on and return of its investment in DBT. As outlined in Section 3.4, the QCA's assessment of capex-related costs as part of any arbitration will reflect the same set of well-defined considerations in the existing Access Undertaking, providing a level of certainty that DBIM can recover its investment where the relevant process requirements have been complied with.

The QCA would continue to determine the appropriate remediation cost given estimation complexity, although it will be open to negotiating parties to agree the associated remediation revenue allowance in their individual TICs. In the Draft Decision, the QCA has indicated the current remediation cost estimate should be increased, which is expected to drive an increase in DBIM's revenues. This is discussed in more detail in Section 6.9.

In respect of other parameters, DBIM can apply its own estimates and methodology. The QCA has asked for further submissions on the depreciation methodology. In its submission on 23 October 2020, DBIM proposed a simplified depreciation methodology which results in materially similar outcomes to the existing approach.

## Negotiation

An important feature of a lighter-handed framework is the primacy of negotiated outcomes. In the Draft Decision, the QCA acknowledged that negotiated outcomes are likely to better reflect the value that individual Users place on access to DBT's services relative to the current price setting approach.

84. The cessation of a RAB determined by the QCA will trigger the negotiation of amendments to certain debt covenants, including the gearing ratio, in DBI's finance arrangements. See Section 11.7.10 for further detail.



### 3. Commercial Framework (continued)

The approach and outcome of commercial negotiations may vary for each User and Access Seeker, and depend on the preferences and circumstances of the negotiating parties. While a broad range of matters may be negotiated, the DAU preserves similar non-price terms and risk sharing arrangements as all previous Access Undertakings. Negotiations are therefore expected to primarily focus on the TIC.

Negotiations would be conducted with the benefit of information DBIM makes available to Users and Access Seekers, including historical and forecast information on cost and pricing matters, and terminal metrics.

DBIM has commenced engagement with its Users and this process is confidential and ongoing.

Under the current contractual framework and proposed DAU, negotiations must be conducted on a bilateral basis between DBIM and the User or Access Seeker. However, in the Draft Decision the QCA has indicated that as part of the information disclosure requirements, DBIM must disclose to all Users and Access Seekers the outcome of any arbitration. In addition, given the recent authorisation provided by the ACCC for the customers at the Port of Newcastle to collectively negotiate certain port charges, there is a prospect that Users and Access Seekers may seek authorisation to collectively bargain.

#### Arbitration

In any arbitration regarding access charges at DBT, the QCA must have regard to a set of key economic and competition principles set out in applicable legislation. Key considerations include promoting investment in the asset, the value of the service being provided and the legitimate interests of DBIM, in addition to the costs of providing the service.

In the draft Arbitration Guidelines, the QCA states that it will not be bound by previous regulatory decisions on pricing matters and that “previous methodologies and approaches used to estimate a reference tariff need not define or constrain its approach in determining an appropriate TIC in arbitration”.<sup>85</sup>

As noted above, the QCA has indicated that key terms of arbitral awards should be made known to all customers. In arbitrating a dispute in relation to the TIC, the QCA will assess the reasonableness of the proposal from DBIM and consider the factors outlined in section 120 of the QCA Act. These factors are outlined in Figure 3.2 below. Importantly, the cost of providing the service, which is the focus of the current building blocks methodology, is only one of the 12 factors to be considered.

Figure 3.2: Section 120(1) of the QCA Act

#### Matters to be considered by authority in making access determination

- (1) In making an access determination, the authority must have regard to the following matters—
- (a) the object of this part;
  - (b) the access provider’s legitimate business interests and investment in the facility;
  - (c) the legitimate business interests of persons who have, or may acquire, rights to use the service;
  - (d) the public interest, including the benefit to the public in having competitive markets;
  - (e) the value of the service to—
    - (i) the access seeker; or
    - (ii) a class of access seekers or users;
  - (f) the direct costs to the access provider of providing access to the service, including any costs of extending the facility, but not costs associated with losses arising from increased competition;
  - (g) the economic value to the access provider of any extensions to, or other additional investment in, the facility that the access provider or Access Seeker has undertaken or agreed to undertake;
  - (h) the quality of the service;
  - (i) the operational and technical requirements necessary for the safe and reliable operation of the facility;
  - (j) the economically efficient operation of the facility;
  - (k) the effect of excluding existing assets for pricing purposes;
  - (l) the pricing principles mentioned in section 168A.

85. QCA Draft Decision, Arbitration guideline for disputes under the DBCT 2021 access undertaking, p. 28.

Table 3.4 below summarises the impact of transitioning to lighter handed regulation on DBIM's commercial framework.

**Table 3.4: Impact of a transition to a lighter handed framework on DBIM's commercial framework**

	Current (expires 1 July 2021)	Proposed DAU (lighter handed regulation) (would commence 1 July 2021)
<b>Regulated under QCA Act</b>	Yes	Yes
<b>Terms of Access</b>	Existing Users: Access Agreements Access seekers: apply for access under AU	Existing Users: Access Agreements Access seekers: apply for access under AU
<b>Pricing framework</b>	Although existing User Agreements expressly contemplate a TIC negotiated by DBT and each User, in practice parties have adopted the reference tariff TIC set by the QCA on an ex ante basis.	Negotiate/arbitrate with individual users for each 5 year pricing period
<b>Role of QCA</b>	Regulator – determines reference tariff	Regulator – may have arbitration role in the event of a dispute.
<b>Arbitrator of pricing review disputes</b>	The QCA is expected to act as arbitrator although a commercial arbitrator may be appointed under the Access Agreements in some circumstances	The QCA is expected to act as arbitrator although a commercial arbitrator may be appointed under the Access Agreements in some circumstances
<b>Price setting approach</b>	The QCA currently determines the reference tariff TIC at DBT based on the application of the 'building blocks' methodology to determine an Annual Revenue Requirement for DBI. This methodology focuses on the cost of providing DBT's service.	The TIC will depend on the outcome of bilateral commercial negotiations with individual Users or access seekers or the outcome of an arbitration conducted by the QCA in the event the parties cannot agree <sup>86</sup> . In arbitrating a dispute, the QCA must have regard to a set of 12 factors in Section 120 of the QCA Act. These include matters beyond cost such as the value and quality of services at DBT and DBI's legitimate business interests
<b>TIC</b>	Single TIC applies to all Users of existing Terminal	TIC negotiated/arbitrated bilaterally with Users
<b>Socialisation</b>	Socialisation of revenue in the event of user default or contract expiry to ensure DBI recovers ARR regardless of change in contracted tonnage	Socialisation of contracted tonnage in the event of user default or contract by a "utilisation adjustment factor" applied to negotiated TIC <sup>87</sup>
<b>Take-or-pay</b>	All contracts on a take-or-pay basis – no throughput or commodity price risk	All contracts on a take-or-pay basis – no throughput or commodity price risk
<b>No FM risk</b>	No relief from Users' take-or-pay obligations where force majeure declared <sup>88</sup>	No relief from Users' take-or-pay obligations where force majeure declared <sup>89</sup>
<b>NECAP approval</b>	The QCA must approve the addition of NECAP to the RAB where it has been supported by all Users and the Operator <sup>90</sup>	Concept of a formal RAB replaced by a capital asset base maintained by DBI. NECAP completed and handed over to the Operator will be added to the NECAP asset base maintained by DBI and an allowance added to each User's negotiated TIC. A User may dispute the allowance using dispute resolution mechanisms in AU or Access Agreement if consider allowance has not been properly calculated. <sup>91</sup>
<b>O&amp;M cost pass through</b>	O&M costs incurred by the Operator and passed through in full to customers	O&M cost pass through will continue <sup>92</sup>

86. The Users may apply to the ACCC for authorisation to negotiate collectively. Information regarding the outcomes of any commercial arbitration relating to access to the DBT service during the Pricing Period will be disclosed by DBI to Access Seekers to inform negotiations under the terms of the DAU.

87. The QCA has received additional submissions from stakeholders on socialisation under the DAU. The mechanism proposed in the DAU may be subject to further refinement.

88. A User may terminate its access agreement if terminal capacity is reduced below 10% of aggregate contracted capacity on a sustained basis and DBI does not commence reinstatement works within a reasonable time.

89. See note 86.

90. The QCA has historically approved 100% of NECAP for addition to the RAB, ensuring DBIM earns the regulated rate of return on the full amount of its investment.

91. The QCA received additional submissions on the NECAP recovery model from stakeholders on 23 October 2020. The DBT User group opposed the continuation of the roll forward mechanism in conjunction with a negotiate arbitrate regime.

92. The QCA has accepted this as appropriate on the basis that the Operator is User owned. No change to this arrangement is proposed under the DAU.

### 3. Commercial Framework (continued)

#### 3.5.3. Conclusions on Regulatory Processes

Through the Declaration Review and 2021 Reset process the QCA has extensively considered the fundamental principles underpinning DBT's regulatory and commercial arrangements. These processes have been running for over 2 years, and the QCA has taken expert advice and received submissions from stakeholders across a range of issues that impact those arrangements.

While no assurance can be given on the outcome of the 2021 Reset, DBI is of the view that the line of commercial and regulatory principle that runs through both processes – with the QCA concluding that DBT no longer meets the criteria for ongoing economic regulation<sup>93</sup> and subsequently publishing a Draft Decision that outlines a pathway to lighter handed regulation – provides a strong indication that DBT can transition to a commercial price setting framework in the form of a negotiate/arbitrate regime (subject to addressing the issues raised in the Draft Decision and the QCA's final decision). In its latest submission to the QCA, DBI sought to address the issues raised in the Draft Decision to facilitate this transition.

### 3.6. Contractual framework

#### 3.6.1. Structure and Key Risk Mitigation

The current Access Undertaking is accompanied by a SAA which provides a template for the Access Agreements negotiated with each User. Access Agreements are in substantially the same form as the SAA with the exception of tonnages, expiry dates and customer security packages.

The calculation of the ARR, reference tonnage and resulting TIC relies on both the Access Undertaking and Access Agreements, with the Access Agreement describing the calculation framework and the Access Undertaking defining key terms and inputs.

The Access Agreements include important provisions that are designed to minimise DBIM's exposure to volume risk, loss of customers and non-payment. A summary of key risk protection mechanisms is outlined in Table 3.5.

Table 3.5: Key risk protection mechanisms

Protection	Description
Take-or-pay contract structure	Access Agreements reflect a take-or-pay structure under which customers must continue to make payments independent of throughput, and irrespective of the occurrence of a force majeure event. <sup>94</sup> This protects DBIM from volume risk within the terms of current Access Agreements.
Revenue socialisation	The Access Undertaking allows revenue to be socialised – i.e. recovered from remaining Users – so that DBI still earns the ARR when all available capacity at DBT is not contracted, including where a contract is terminated following a User default or following changes in contracted tonnage. DBIM's exposure where a User defaults is limited to the interim period between non-payment and the termination of the contract.
Customer security	DBIM takes performance security where required to support a User's credit profile and to mitigate non-payment risks in any interim period between a User default and revenue socialisation.
Compliance & variation processes	The ARR and TIC are updated within a regulatory period as part of periodic compliance and variation processes to ensure DBIM recovers the ARR in full. These processes are outlined in Section 3.2.2.
O&M cost pass through	Costs associated with operating and maintaining DBT are incurred by the Operator and passed through in full to customers. This arrangement mitigates DBIM's exposure to cost variability and efficiency benchmarking. The Operator is reimbursed monthly for 1/12th of the Operator's budget (plus margin) with quarterly reconciliations to actual expenditure (plus margin) whereas Users are invoiced monthly for 1/12th of the Operator's budget (including margin) with an annual reconciliation after 30 June.

93. Despite the recommendation from the QCA, the Queensland Treasurer determined that DBT's declaration should be extended for a further period of ten years.

94. A User may terminate its access agreement if terminal capacity is reduced below 10% of aggregate contracted capacity on a sustained basis and DBT does not commence reinstatement works within a reasonable time.

### 3.6.2. Impact of a transition to light handed regulation

These key protective mechanisms have been retained under the lighter-handed framework proposed by DBIM in the DAU. The existing take-or-pay obligations and security requirements would continue to operate. In addition, the Access Agreements expressly contemplate negotiated outcomes with individual Users (and recourse to arbitration in the event of a dispute) and can therefore accommodate a lighter-handed framework. Negotiations occur prior to 'Agreement Revision Dates', which occur every five years.

Other important aspects of the current Access Undertaking have been substantively preserved in the DAU with amendments designed to facilitate negotiation with each User. Variations to the TIC are proposed to continue to be made annually and on occurrence of a review event; however, these variations are made without QCA involvement unless there is a dispute.

Socialisation has also been preserved in the proposed DAU; however, the mechanism has been adjusted such that contracted volumes, rather than the ARR, are allocated proportionately across remaining Users in the event of a User default. Should a User with a TIC which is higher than the average negotiated TIC default, this would result in lower overall revenue realized by DBIM; however, the reverse is also true where a User with a lower-than-average TIC defaults. The QCA has indicated in its Draft Decision that it considers socialisation based on contracted tonnage to be compatible with a lighter-handed framework and has invited further submissions on this. The mechanism may be further refined in response to stakeholder submissions.

## 3.7. Expansion framework and approval process

An expansion framework is in place which outlines DBIM's obligations to expand DBT and the expansion process. These obligations are set out in both the Port Services Agreement (PSA) and the Access Undertaking, with the PSA outlining broad expansion and planning obligations and the Access Undertaking outlining detailed processes and principles for planning, development and pricing of expansions.

Under the PSA, DBIM is required to expand DBT to meet actual and reasonably anticipated future growth in demand from Users and Access Seekers. A number of conditions must be met to trigger expansion which are designed to protect DBIM from underutilisation and stranding risks. In particular, the Access Undertaking requires that an expansion is underpinned by long term demand, that DBIM has certainty over contracted take-up of capacity and that it is reasonable and economic to expand DBT.

Key provisions and processes which contribute to de-risk expansion for DBI are outlined below.

- feasibility studies – DBIM is not required to commence feasibility studies and incur costs until Access Seekers have entered into legally enforceable agreements under which they agree to underwrite the cost of feasibility studies. As an alternative, DBIM may also seek RAB recognition for feasibility costs subject to QCA consent and satisfaction of certain conditions specified in the Access Undertaking. The QCA has a track record of approving expansion study costs;
- underwritten demand – DBIM is not required to progress an expansion project unless it has contracts from creditworthy counterparties for a period of at least 10 years for the expanded tonnes;
- User and Access Seeker acceptance – before any expansion can proceed, at least 60% of the incremental terminal capacity from the expansion must be contracted under take-or-pay contracts of at least ten years and at least 60% of all non-expanding Users and Expansion Parties must not object to the expansion (60/60 Rule);<sup>95</sup>
- commerciality – DBIM may delay or modify expansions that are unreasonable or uneconomic. In practice, DBIM will only progress expansions that have an acceptable risk profile and deliver an appropriate rate of return, preserving DBIM's legitimate business interests; and
- planning and approvals – DBIM is not required to expand where, despite its best endeavours, DBIM is unable to secure the necessary approvals or land required for expansion, or is reasonably of the view that it is not possible to expand DBT.

The expansion framework set out in the DAU is substantially unchanged from the current Access Undertaking. The provisions and processes outlined above have been retained, and the QCA would continue to make a price ruling under the expansion pricing principles described in Section 3.4.2 and this ruling would be expected to inform TIC negotiations with Access Seekers.

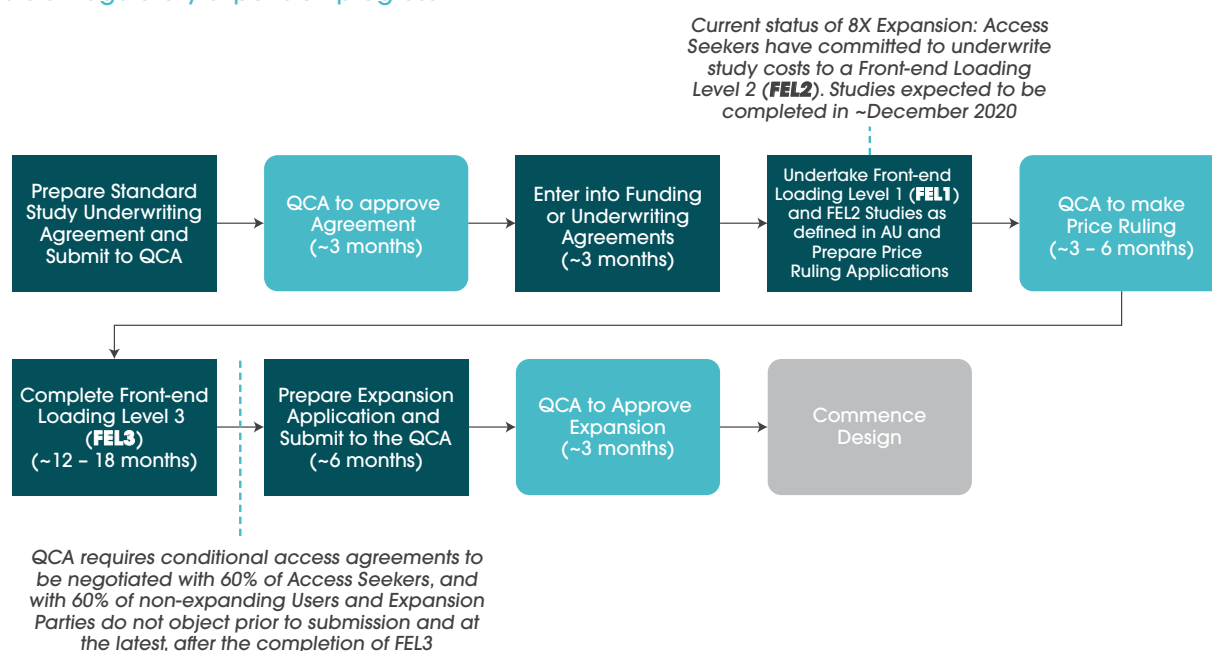
A summary of the expansion process is outlined in Figure 3.3 below.

95. The QCA has discretion to approve an expansion where the 60/60 Rule is not met. Refer 2017 Access Undertaking, Section 12.5(h) (5). This rule is also retained in the proposed DAU.



### 3. Commercial Framework (continued)

Figure 3.3: Regulatory expansion progress<sup>96</sup>



### 3.8. Regulatory Timeline

Table 3.6 sets out the key dates for the 2021 regulatory reset and process in relation to the Declaration Review.

Table 3.6: Key dates

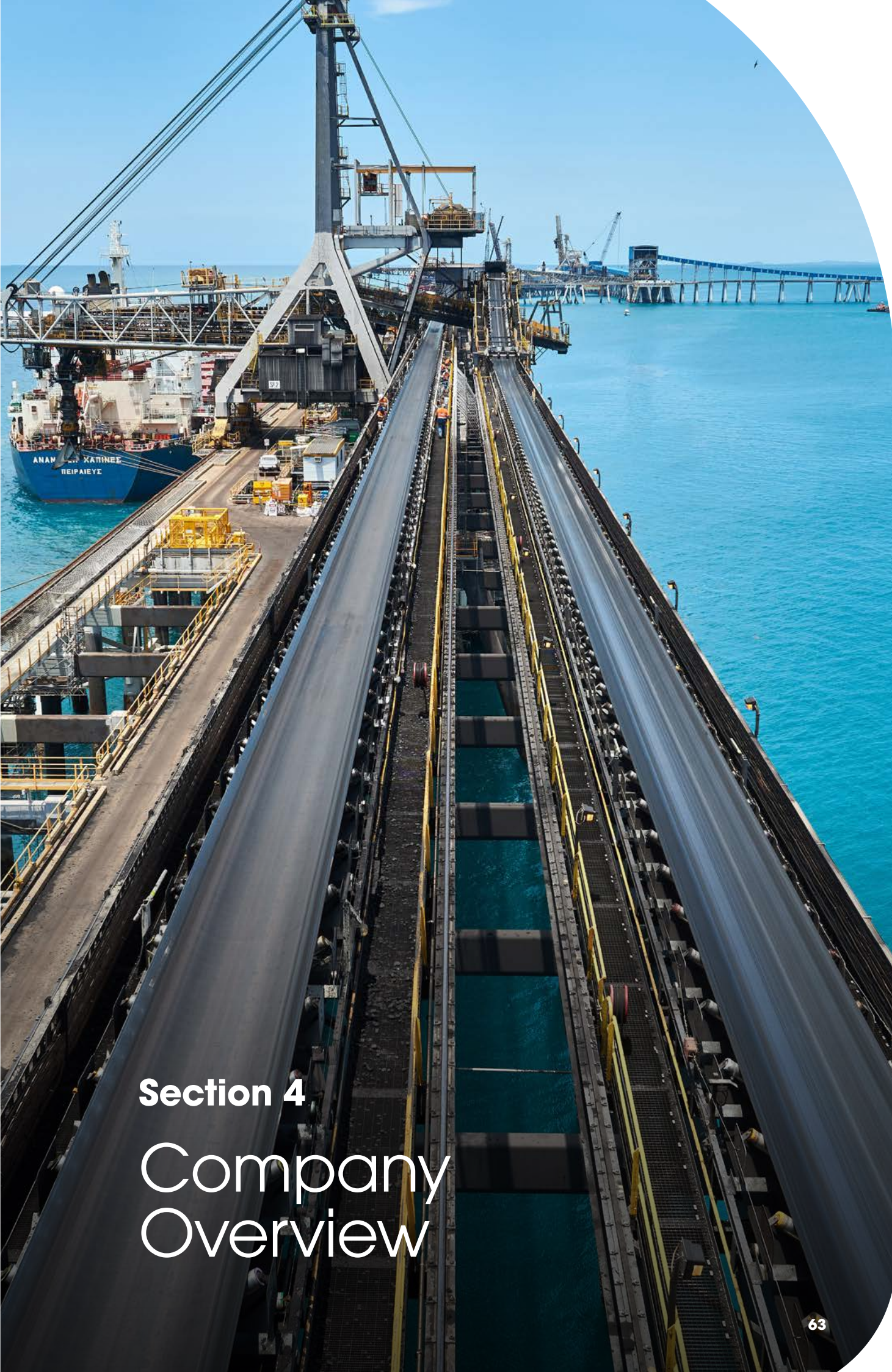
Outcome		Date
Declaration Review		
Declaration Review	Declaration was renewed for a further 10 years, expiring in September 2030	Concluded
Judicial Review	Hearing dates have been set for 23 November 2020. The judicial review process is expected to conclude in 2021, subject to any potential further appeals	2021
2021 Regulatory Reset		
QCA Draft Decision	The QCA indicated a lighter-handed framework may be appropriate to approve where certain amendments are made to the DAU	August 2020
	Submissions made in response to the QCA's draft decision	23 October 2020
	Stakeholder forum held	18 November 2020
	Further submissions due	4 December 2020
QCA Final Decision	The QCA will determine whether to approve the DAU and require amendments where the DAU is not approved	February 2021 <sup>97</sup>
Access Undertaking	New Access Undertaking effective <sup>98</sup>	July 2021

96. Access seekers with aggregate volumes of 15Mtpa have committed to underwrite 8X Expansion. FEL1 study is complete.

97. Indicative date based on guidance provided by the QCA in the Draft Decision.

98. Subject to outcome of Judicial Review.





## Section 4

# Company Overview



## 4. Company Overview

### 4.1. Introduction

DBI is an Australian infrastructure company that owns, through its wholly owned entities, the 99 year lease of DBT.<sup>99</sup> The lease was granted by the Queensland Government in September 2001. DBIM, which will be a wholly owned subsidiary of DBI, is the manager of DBT.

DBI is currently owned by funds managed by Brookfield and co-investors managed or advised by Brookfield. Brookfield is a global alternative asset manager that has a strategy of investing in long life, high quality assets and businesses that deliver strategic infrastructure for today's global economy.

DBI provides an opportunity to invest in an infrastructure company listed on the ASX with an attractive yield, currently supported by a regulated utility-like risk profile that is expected to deliver predictable and stable cash flows. DBI is also positioned to deliver capital growth from DBT's well-defined expansion pathway.

### 4.2. Dalrymple Bay Terminal overview

DBT is a regulated multi-user export terminal with Nameplate Capacity of 85Mtpa located within the Port of Hay Point, approximately 38km south of Mackay and 900km north of Brisbane. DBT was constructed by the Queensland Government and commenced operations in 1983, and has operated continuously since that time. The foundation customers of DBT were Rio Tinto, Glencore, Anglo American and BMC.<sup>100</sup>

DBT is a globally significant export facility. In 2019 DBT handled more than 30% of Queensland coal exports and 15% of global export metallurgical coal volumes.<sup>101</sup> Metallurgical coal is used to produce steel, an essential product in the world's industrialised economy, making DBT a critical link in the global steelmaking supply chain and the global economy. Approximately 80% of coal shipped through DBT in 2019 was metallurgical coal.

DBT is the largest multi-user coal export terminal in Queensland and services mines in the Bowen Basin, a 60,000 square km region in central Queensland that is the world's largest metallurgical coal export region.<sup>101</sup> Figure 4.1 shows the location of DBT and its User mines, highlighting its strategic location adjacent to the central region of the Bowen Basin, a region characterised by high quality metallurgical coal.

Coal handled by DBT is exported to over 25 countries, with key markets comprising large demand centres for export metallurgical coal, including China, Japan, Korea, Taiwan and India. There are currently 17 mines that utilise DBT. Capacity at DBT is fully contracted to 84.2Mtpa<sup>102</sup> from July 2022 until June 2028 on a 100% take-or-pay basis with evergreen renewal options. The Access Queue comprises aggregate demand for contracted capacity of up to approximately 25Mtpa above existing terminal capacity from July 2020 to June 2035.<sup>103</sup>

99. The lease is structured with a 50 year initial lease period and a 49 year extension option (at the option of the DBT Trustee). The option to extend the lease may be exercised at any time between September 2045 and September 2047.

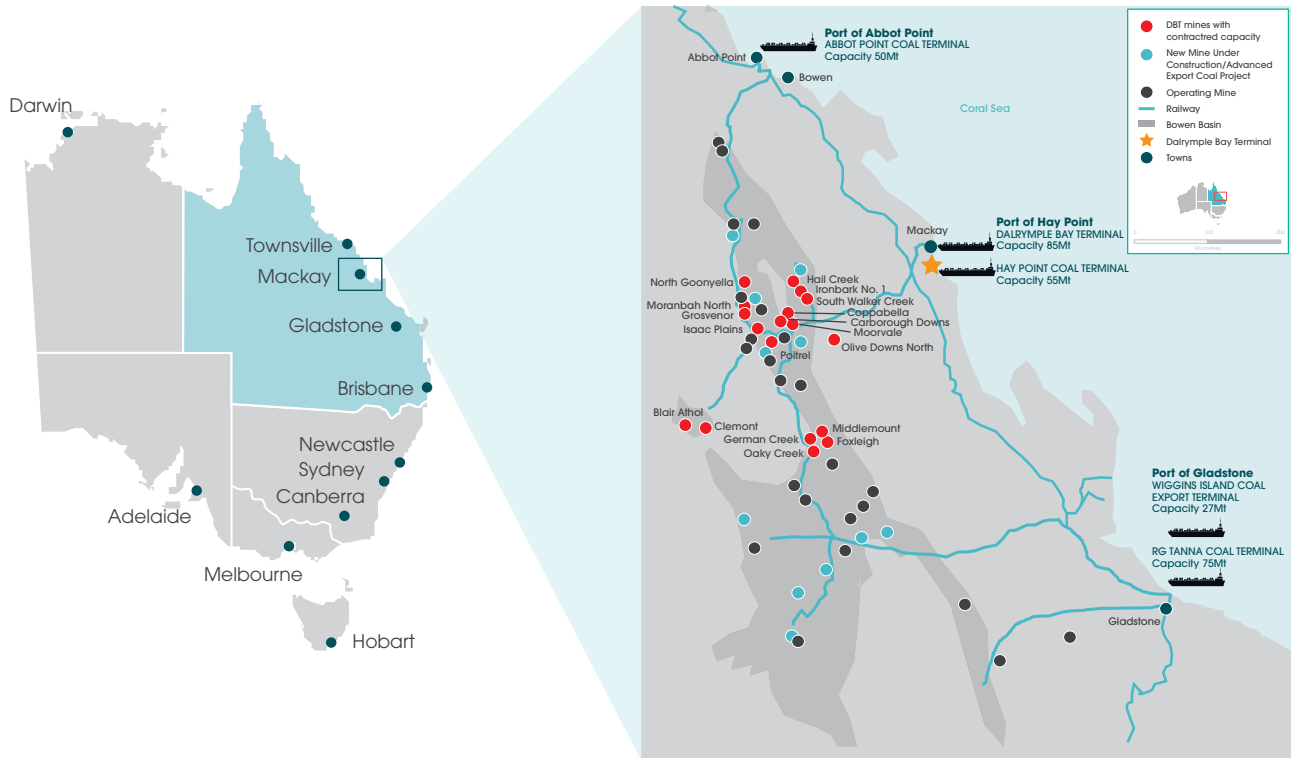
100. Initial mines were Pacific Coal's Blair Athol mine, BMC's Riverside mine, the Shell Petroleum Company's German Creek mine and Mount Isa Mines' Oaky Creek mine. Foundation User, Rio Tinto, is no longer a User of the terminal due to the sale of their coal assets in 2018.

101. AME.

102. DBI contracts to the independently assessed 'System Capacity' which is currently 84.2Mtpa. A User has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under negotiation with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4mtpa of capacity that would otherwise expire between June 2031 and June 2033.

103. Access Queue demand as at August 2020.

Figure 4.1: DBT and User mines location

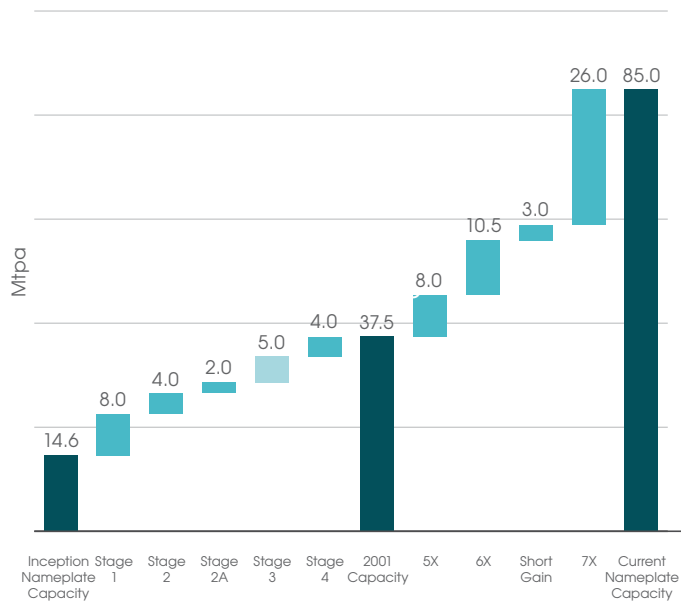


Source: AME.

Since commissioning, DBT has been expanded over seven different phases from its original capacity of 14.55Mtpa in 1983 to its current Nameplate Capacity of 85Mtpa in order to facilitate the increase in exports from central Bowen Basin mines. DBT's expansion history is shown in Figure 4.2.

Figure 4.2: DBT Nameplate Capacity expansions<sup>104</sup>

Expansion Phase	Date	Incremental Capacity (Mtpa)	Revised Nameplate Capacity (Mtpa)
Inception	1983	–	14.6
Stage 1	1990	8.0	22.6
Stage 2	1995	4.0	26.6
Stage 2A	1997	2.0	28.6
Stage 3	1999	5.0	33.6
Stage 4	1999	4.0	37.5
5X	2002	8.0	45.5
6X	2003	10.5	56.0
Short Gain	2006	3.0	59.0
7X	2009	26.0	85.0



104. Numbers subject to rounding.



## 4. Company Overview (continued)

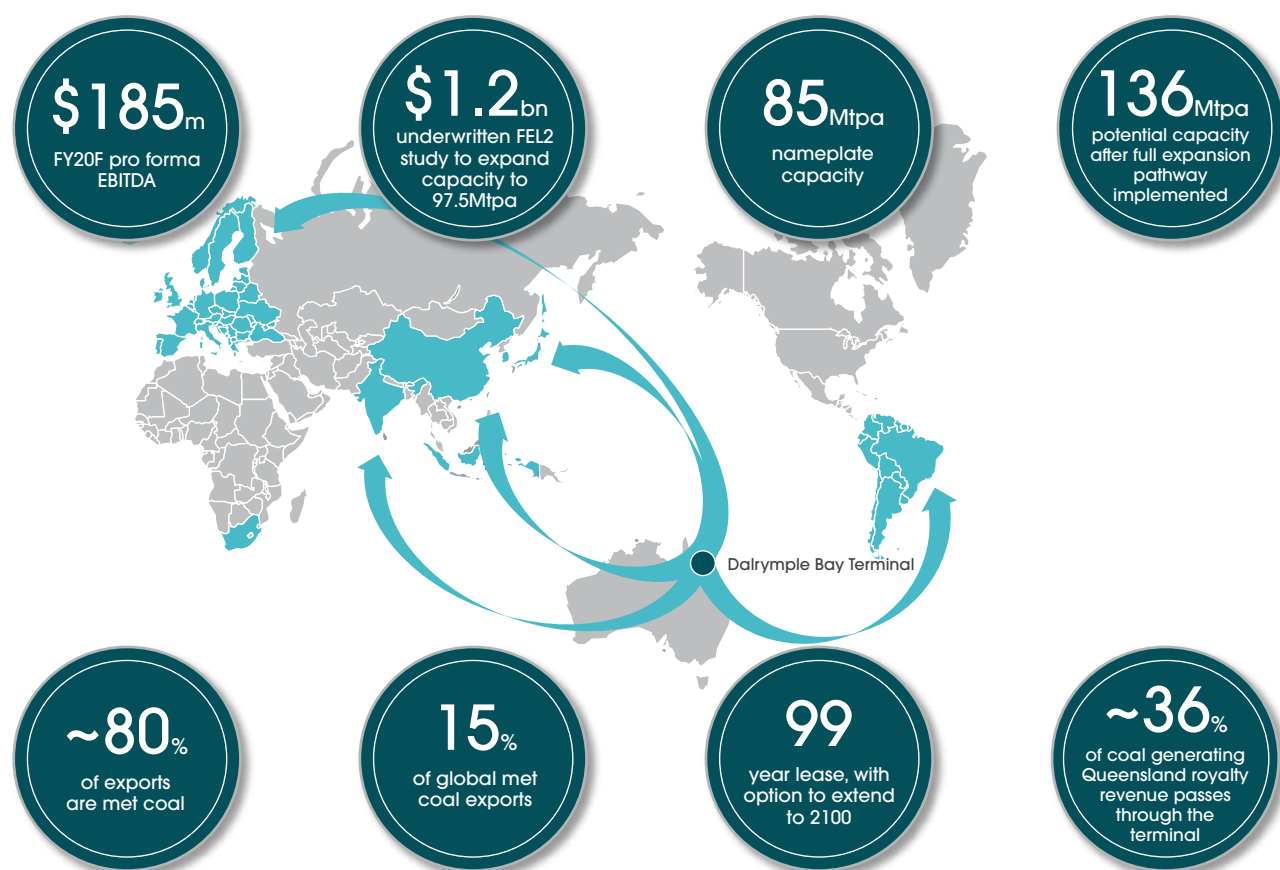
DBT retains significant expansion optionality to accommodate the expected growth in met coal exports from the Bowen Basin. The 8X Expansion presents a well-defined technical and commercial pathway to expand capacity to 97.5Mtpa, while the 9X Expansion supports the potential for further expansion of capacity to 135.7Mtpa.

DBT's contractual framework includes key mitigation mechanisms which deliver DBI predictable and stable cash flows within regulatory periods that have not historically been affected by changes in throughput, contracted volumes or force majeure events.

The Operator of DBT is owned by a majority of Users (by contracted tonnage) and is responsible for day-to-day management of the terminal under the evergreen OMC. Operating costs are a direct pass-through to the Users under their existing Access Agreements, an arrangement the QCA has accepted as appropriate on the basis that the Operator is User-owned.<sup>105</sup>

DBI has a highly experienced, long-tenured management team that brings relevant experience and skills, with deep industry expertise. The executive management team has overseen multiple regulatory resets and material expansion in capacity at DBT and has extensive experience managing key relationships with stakeholders of DBT.

Figure 4.3: DBT in numbers<sup>106,107,108</sup>



105. The Operator is reimbursed monthly for 1/12th of the Operator's budget (plus margin) with quarterly reconciliations to actual expenditure (plus margin) whereas Users are invoiced monthly for 1/12th of the Operator's budget (including margin) with an annual reconciliation after 30 June.

106. Terminal privatised in 2001 under a 99 year lease. The lease is structured with a 50 year initial lease period and a 49 year extension option (at the option of the DBT Trustee). The option to extend the lease may be exercised at any time between September 2045 and September 2047.

107. Queensland Budget Strategy and Outlook. 2018 – 2019 coal royalties and land rents of \$4.4bn, State revenue of \$60.1bn. Based on average thermal and coal spot price for 2019 and 2019 throughput of 67Mt. Assumes 80% of throughput is metallurgical coal and the remaining 20% is thermal coal, based on the actual 2019 DBT throughput.

108. Figures displayed as at 31 December 2019 (except as otherwise stated). Product mix based on last twelve months from July 2019 to June 2020.

#### 4.2.1. DBI's corporate strategy

DBI's objective is to provide safe and efficient port infrastructure and services for producers and consumers of high quality Australian coal exports. By providing operational excellence and options for capacity expansions to meet expected strong export demand, DBI intends to deliver value to Securityholders through distributions, ongoing investment and capital growth.

Table 4.1: DBI corporate strategy

	Corporate deliverables	Strategic priorities
1	Attractive yield supported by stable cash flows	Deliver an attractive yield for Securityholders via distributions that are underpinned by stable and predictable cash flows within a capital management framework to ensure it remains investment grade
2	Enhanced relationships with all stakeholders	Maintain and enhance relationships with stakeholders across the supply chain including Users, Access Seekers, regulators, government and the communities in which it operates
3	Smooth regulatory transition and value creation	If approved by the regulator, manage a smooth transition to a lighter handed regulatory framework
4	Near term growth through embedded capacity expansion delivery	Support the expected growth in metallurgical coal exports from the central Bowen Basin through delivering well-progressed, embedded capacity expansion at DBT
5	Long term growth through further capacity expansion delivery	Explore long term growth options, including further expansion of DBT capacity and other infrastructure opportunities where management can leverage their experience and capabilities
6	Sustainable operations	Focus on long term sustainability of operations in line with the UN Sustainability Goals by recognising the important role DBT plays in the environment, with its employees and within the community

## 4. Company Overview (continued)

### 4.3. DBT infrastructure and operating mode

#### 4.3.1. DBT infrastructure

DBT's core operating infrastructure comprises rail receipt and inloading facilities, stockyard, outloading facilities and offshore infrastructure. Figure 4.4 summarises DBT's key operating infrastructure by activity and Figure 4.5 provides an overview of DBT's site layout.

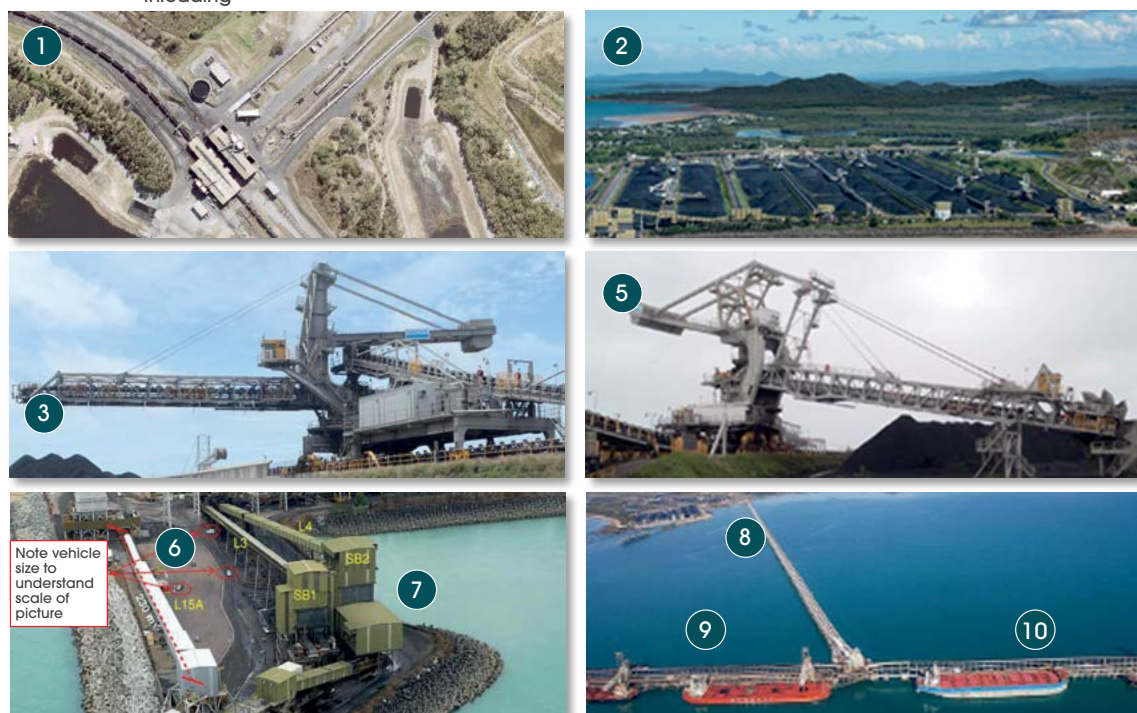
See Appendix B for further information on DBT's infrastructure.

Figure 4.4: Key operating infrastructure

Activity	Infrastructure	Key Attributes	Description
Inloading	<b>1</b> Inloading	3 inloading systems	<ul style="list-style-type: none"> <li>Three rail inloading systems feeding three conveyor paths, transferring coal to the stockyard at up to 8,100tph</li> </ul>
Stockyard	<b>2</b> Stockyard	8 stockyard rows <sup>109</sup>	<ul style="list-style-type: none"> <li>Stores coal received from inloading before being reclaimed to be shipped</li> <li>Serviced by 12 yard machines (stackers, reclaimers and stacker-reclaimers) and has a capacity of 2.3Mt</li> </ul>
	<b>3</b> Stackers	4 stackers	<ul style="list-style-type: none"> <li>Inloading conveyor transfers coal to the stackers, which stack coal into a stockpile in the stockyard</li> <li>Individual stacking rates up to 8,100tph</li> </ul>
	<b>4</b> Reclaimers	3 reclaimers	<ul style="list-style-type: none"> <li>Recovers the coal from the stockpile to be transported to the shiploaders</li> <li>Individual reclaim rates up to 5,300tph</li> </ul>
	<b>5</b> Stacker-reclaimers	5 stacker-reclaimers	<ul style="list-style-type: none"> <li>Individual stacking rates up to 5,500tph and reclaim rates up to 5,300tph</li> </ul>
	<b>6</b> Outloading	3 outloading conveyors	<ul style="list-style-type: none"> <li>Transports coal to the shiploaders at up to 8,650tph</li> </ul>
Offshore	<b>7</b> Surge Bins	3 surge bins	<ul style="list-style-type: none"> <li>Act as a buffer between stockyard reclaiming operations and the shiploaders</li> </ul>
	<b>8</b> Jetty	3.8km	<ul style="list-style-type: none"> <li>Supports three conveyor gantries and two roadways</li> </ul>
	<b>9</b> Shiploaders	3 shiploaders	<ul style="list-style-type: none"> <li>Design rate of up to 8,650tph</li> </ul>
Other	<b>10</b> Berths	4 shipping berths	<ul style="list-style-type: none"> <li>Each shipping berth is capable of mooring 220,000dwt Capesize vessels</li> <li>Allows for three vessels to be loaded simultaneously with one additional vessel stationed alongside</li> </ul>
	Conveyor Network System	38km	<ul style="list-style-type: none"> <li>38km conveyor system that collectively moves coal through the terminal</li> </ul>

109. Row 8 is a half row.

Dalrymple Bay Infrastructure | Prospectus





## 4. Company Overview (continued)

### 4.3.2. DBT operating mode

DBT operates primarily on a cargo assembly basis under which coal is 'pulled' to the terminal by the order of ship arrivals. Operations at DBT is one of the Operator's responsibilities. Each load is stockpiled at the terminal just prior to ship berthing. Cargo assembly operations and coal deliveries are actively managed and scheduled to ensure cargoes are stockpiled appropriately and congestion in the stockyard avoided. This operating mode results in high efficiency and low capital intensity relative to other operating modes.

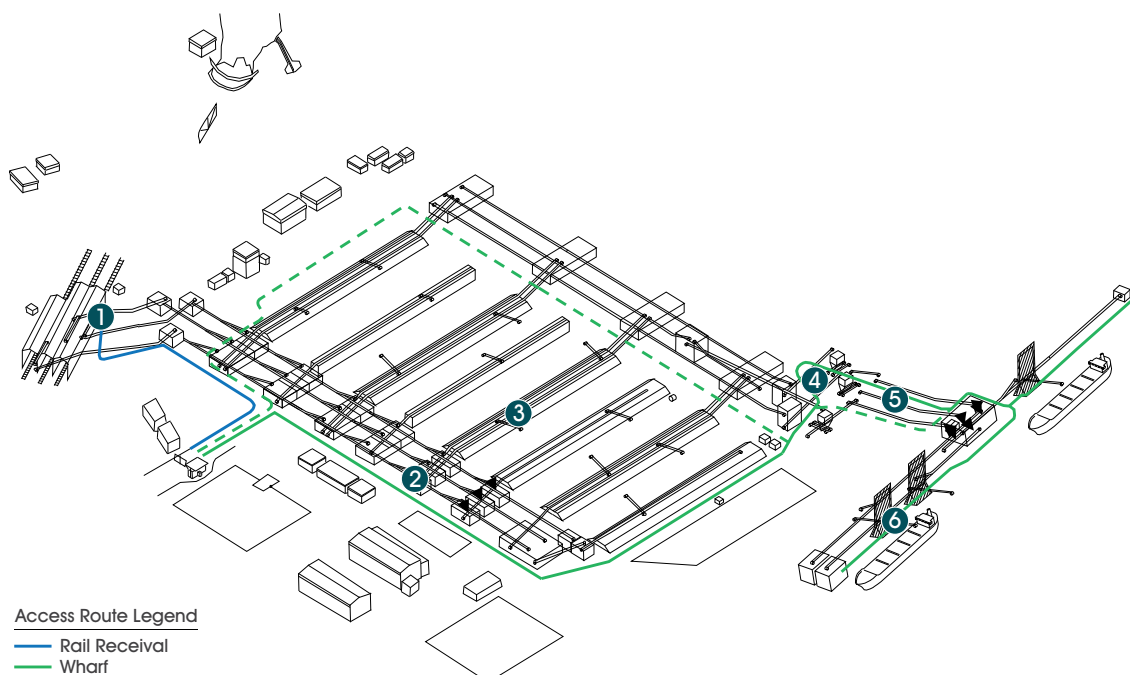
DBT's configuration allows different coal types to be handled and for value-added services to be offered, particularly blending of various coal grades as part of the outloading process to meet end customer specifications.

Due to the size and diversity of DBT's customer base relative to other Queensland coal export terminals, DBT has a superior ability to load a variety of different coals from different suppliers into the hold of the same vessel. Over the last one and a half years, approximately 21% of all shipped vessels contained blended products.

The process for receipt and handling of coal at DBT involves the following key elements:

- 1 Coal is hauled to the terminal via rail and is discharged from rail wagons on the move through automatic opening doors on the bottom of rail wagons and onto conveyor belts. The rail receival facilities have the capacity to unload three trains simultaneously;
- 2 Coal is transported by conveyor belt to the stockyard where it is stockpiled using rail-mounted stackers or stacker-reclaimers. The stockyard has eight rows<sup>110</sup> and can accommodate approximately 2.3Mt of coal;
- 3 Stockpiled coal is reclaimed using rail-mounted reclaimers or stacker-reclaimers;
- 4 Reclaimed coal is transported by conveyor from the stockpiles to the onshore surge bins. This process involves an outloading system which has dedicated surge bins that act as a buffer between stockyard reclaiming operations and the shiploaders;
- 5 From the surge bins, the coal is transported by wharf conveyors 3.8km offshore to the shiploaders; and
- 6 Rail-mounted shiploaders transfer coal from the wharf conveyors into the hold of waiting vessels. There are four berths allowing three vessels to be loaded at the same time and one to be stationed alongside while waiting to depart.

Figure 4.6: Site layout and access



Note: Lengths not to scale.

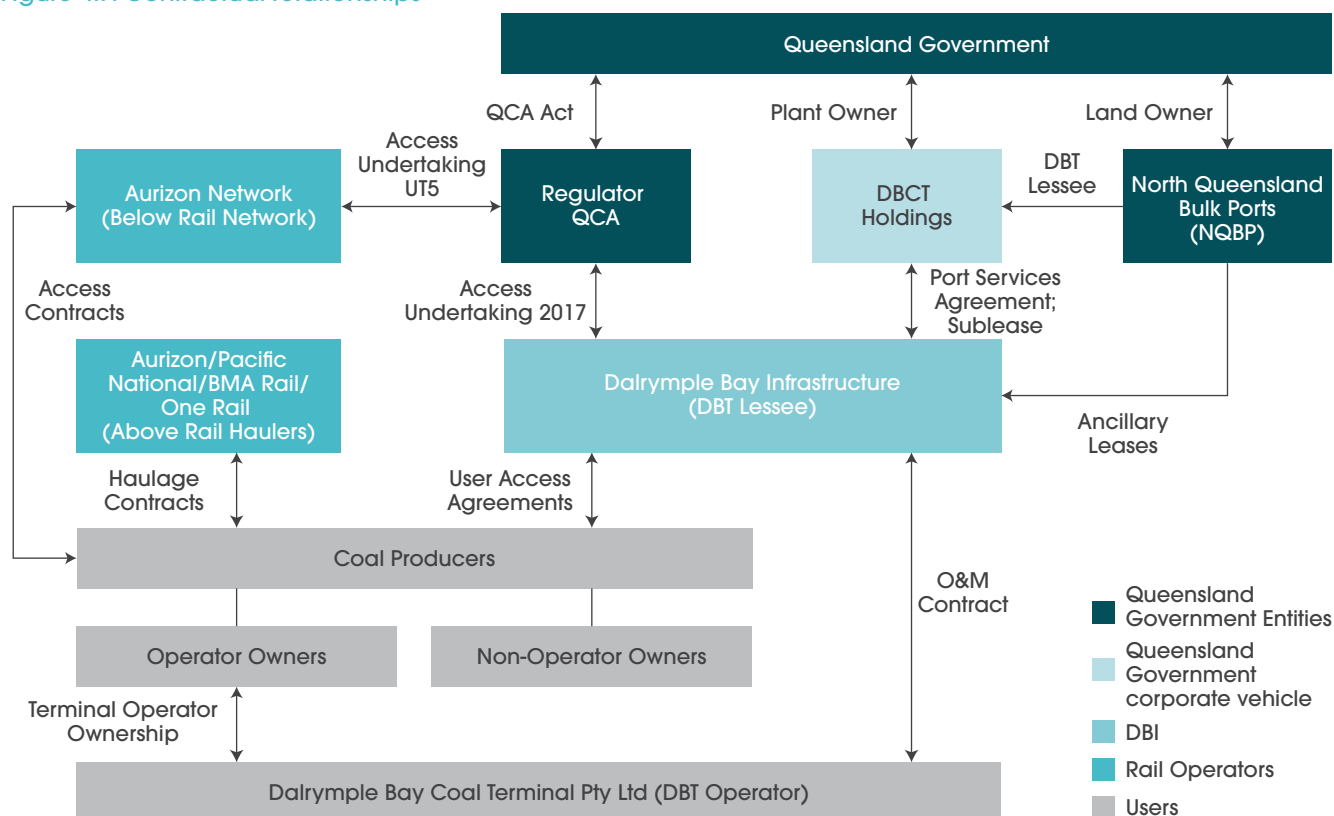
110. Row 8 is a half row.

## 4.4. DBT operations

### 4.4.1. Contractual relationships across the supply chain

DBT's legal and operational framework reflects a broad set of stakeholder relationships and the regulation of access to DBT. DBI's management team has extensive experience managing these key relationships. Figure 4.7 provides an overview of the key contractual relationships that govern the ownership, management and operation of DBT. See Section 11.7 for a detailed summary of DBT's key contracts.

Figure 4.7: Contractual relationships<sup>111</sup>



The Queensland Government entities include:

- the QCA, Queensland's independent economic regulator. Under the QCA Act, the regulator currently has responsibility for determining the terms and conditions of third party access to declared assets;
- the Queensland Treasurer who is responsible for oversight and administration of the QCA Act; and
- NQBP, the provider of port services at DBT.

The State counterparty to the project documents is DBCT Holdings, a company wholly owned by the Queensland Government and established for the purposes of leasing DBT. The Queensland Treasurer is the shareholding minister.

### 4.4.2. Roles and responsibilities

DBT's regulatory framework and contractual relationships mean that the management and operation of DBT involves a number of interdependencies across a broad range of stakeholders. These arrangements result in a material de-risking of operational and financial issues. Key benefits of these arrangements for DBI include:

- the Operator is owned by a majority of Users (by contracted volumes) and is responsible for the day-to-day management of DBT under an evergreen OMC. Operating costs are a direct pass-through to the Users under the Access Agreements; and
- alignment of interest with the Users, which has been important in establishing regulatory processes, such as the relatively streamlined process to approve NECAP which has been adopted in the Access Undertakings. This process sees NECAP recommended and approved by the Operator (and Users) prior to works commencing.

111. The 2021 Access Undertaking process is ongoing, with the Draft Decision released by the QCA on the 26 August 2020.

## 4. Company Overview (continued)

Roles and responsibilities for the management and operations of DBT between the different stakeholders are summarised in Table 4.2.

**Table 4.2: Overview of roles and responsibilities**

Entity	Roles and responsibilities	Key Risk Profile Implications
DBI	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Non-expansionary and expansionary capital works</li> <li>Terminal expansion and associated approvals</li> <li>Managing User and Access Seeker relationships</li> <li>Maintaining the Access Queue</li> <li>Insurance (business interruption, NECAP (public liability), motor and travel)</li> <li>Managing the contractual relationship with the operator</li> <li>Financing<sup>112</sup></li> </ul>	<ul style="list-style-type: none"> <li>Responsible for key strategic, capital and financing decisions</li> </ul>
Operator	<ul style="list-style-type: none"> <li>Day-to-day operation and maintenance of DBT including train scheduling and ordering, train unloading, stockpile management and reclamation, coal blending (if required) and vessel loading</li> <li>Maintenance and repair (scheduled and unplanned)</li> <li>Asset management and condition monitoring</li> <li>Insurance (e.g. industry special risk – property)</li> <li>Managing safety at the terminal (as principal contractor)</li> <li>Obtaining and maintaining key operational and environmental licenses and approvals (excluding licenses and approvals specific to expansions)</li> <li>Obtaining and maintaining utilities connections</li> <li>Vessel towage</li> <li>Berth pocket maintenance</li> <li>Minor capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>The PSA and Access Undertaking require the Operator to remain the operator of DBT unless consent is obtained from the Queensland Government and the Access Undertaking is amended</li> <li>Operating costs are incurred by the User-owned Operator and are a pass-through to the Users</li> <li>NECAP is recommended by the Operator and approval is sought by Users prior to works commencing</li> </ul>
NQBP	<ul style="list-style-type: none"> <li>Pilotage services</li> <li>Channel maintenance, dredging and spoil disposal</li> <li>Dredging permits</li> <li>Terminal land leases</li> </ul>	<ul style="list-style-type: none"> <li>NQBP provides pilot and tug operational support (where tug boats are used to tow ships into port)</li> <li>The Operator manages the day-to-day interaction with NQBP and is responsible for vessel calls, berthing activity and shiploading activity</li> </ul>
Above rail operators	<ul style="list-style-type: none"> <li>Haulage of coal from mine to port</li> <li>Ensuring availability of rolling stock to meet User demand</li> <li>Maintenance of rolling stock</li> </ul>	<ul style="list-style-type: none"> <li>Operator has been appointed as the rail coordinator for Users, and in this role is responsible for ordering linehaul for Users to meet vessel arrivals</li> <li>Users are required to contract capacity with an above rail operator. These contracts are typically long term, on a take-or-pay basis and port specific<sup>113</sup></li> </ul>
Below rail operator	<ul style="list-style-type: none"> <li>Scheduling trains</li> <li>Operating and maintaining the rail network</li> <li>Expansion of the rail network</li> </ul>	<ul style="list-style-type: none"> <li>Users are required to contract capacity with Aurizon Network for access to the CQCN. These contracts are typically long term, on a take-or-pay basis and port specific<sup>113</sup></li> </ul>

112. For more information on DBI's refinancing of 2021 Debt, see Section 7.1.13.

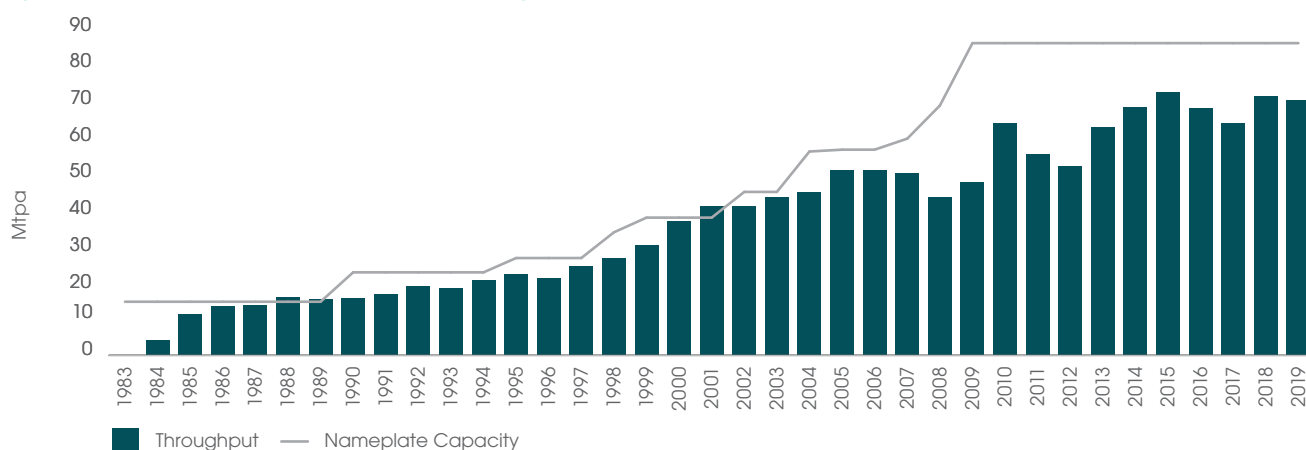
113. AME.

## 4.5. DBT capacity and throughput

DBT is situated within the Goonyella coal chain, which is comprised of miners, a below rail network, above rail haulage providers and export terminals.

As a part of DBI's 2019 Master Planning process, the Integrated Logistics Company Pty Ltd (ILC) determined capacity of the Goonyella coal chain to be 84.2Mtpa (**System Capacity**). Under the 2017 Access Undertaking, DBI is permitted to contract volumes at DBT up to System Capacity.<sup>114</sup>

Figure 4.8: DBT historical capacity and throughput<sup>115</sup>



A number of structural and event driven factors have the potential to influence actual throughput relative to contracted capacity. Key drivers of actual throughput relative to contracted capacity include:

- Users not fully utilising their contracted capacity for a multitude of reasons;
- interface losses and system constraints that operate to constrain throughput; and
- weather events affecting the availability of mines to deliver coal to DBT.

Historically, throughput has not been correlated with market based signals, such as changes in coal prices. As highlighted in Section 2.4.1, the majority of User mines generally generate strong margins due to their high quality products, favourable and well understood geology, and low operating costs.<sup>116</sup> As such, the majority of User mines typically remain profitable even at low parts in the price cycle, and therefore, DBT's throughput is relatively resilient to market conditions.<sup>116</sup>

As the coal prices rise, mine production typically increases to take advantage of improved market conditions. When the price falls, mines typically continue to produce and may increase production to minimise unit costs.<sup>116</sup> In an environment of depressed prices, costs such as maintenance and expansion capital expenditure are typically reduced before mine production is curtailed. Given DBT is a critical gateway to export markets for Users and rail take-or-pay costs are relatively significant as a portion of operating costs, coal producers will typically reduce other operating costs in a downturn rather than materially reducing volumes.<sup>116</sup> This response was evident during the cyclical downturn in 2014-2015, during which Bowen Basin producers focused on mine operation efficiency measures to lower operating costs, with limited impact on DBT's throughput.

Importantly, as highlighted in Section 3.6, DBT's Access Agreements include provisions that are designed to minimise DBI's exposure to variance in tonnes shipped through DBT or contracted capacity. Throughput risk is mitigated through the take-or-pay Access Agreements and contracted tonnage risk is mitigated through the ability to socialise revenues across remaining Users via an increase in the TIC. DBI has recovered 100% of its allowable revenues since regulation commenced in 2004.

114. This constraint was introduced in the 2010 Access Undertaking (clause 12).

115. June year end.

116. AME.



## 4. Company Overview (continued)

### 4.5.1. Impact of COVID-19

The outbreak and spread of COVID-19 has had a significant impact on global economic activity in 2020. As outlined in Section 2.3.3, the metallurgical coal market has seen a deterioration in demand as BOF utilisation has declined due to governments enforcing closures of non-essential businesses and weaker industrial activity due to COVID-19.<sup>117</sup>

The Queensland mining industry, including operating mines, rail providers and DBT were excluded from non-essential business closure directions issued by the Queensland Government,<sup>118</sup> and therefore, exempt from government enforced closures implemented to stop the spread of COVID-19.

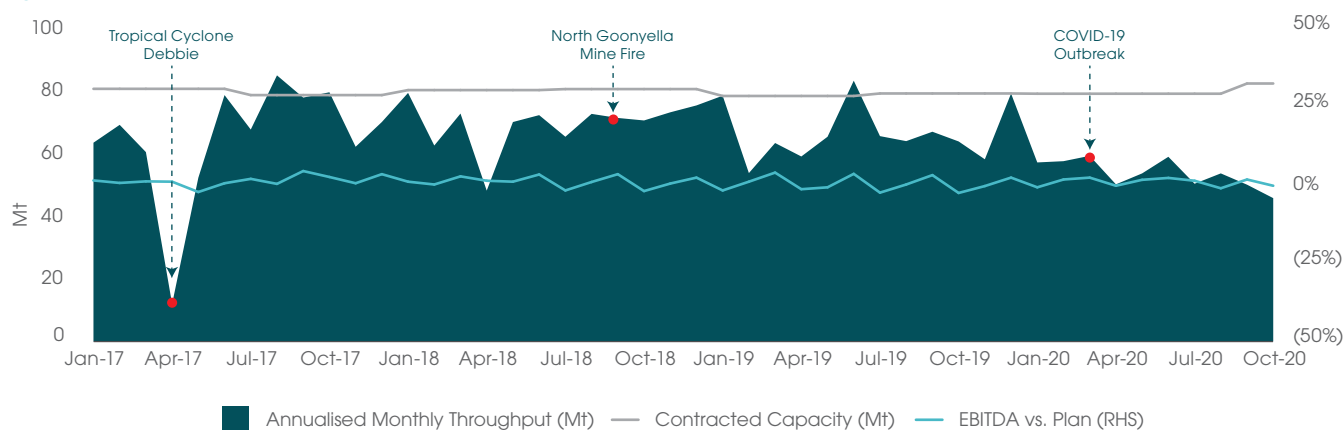
DBT and the Operator implemented a comprehensive COVID-19 response plan. Initiatives implemented as part of the response plan included:

- attending bi-weekly meetings organised by Aurizon Network, which were also attended by Users, other ports and above rail haulage providers, to ensure coordination across the supply chain;
- implementing and encouraging work from home arrangements for DBT and Operator staff;
- regular COVID-19 communications to the Operator workforce; and
- 14 day quarantine period applied to arriving vessels.

These combined measures have supported continuity of DBT's operations and safety of the workforce while having limited operational impact on DBT and its Users. There have been no reported cases of COVID-19 at DBT to date.

Importantly, DBT's revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) have been stable since the outbreak of COVID-19 in December 2019. As highlighted in Figure 4.9, this stability in EBITDA is representative of the broader resilience of DBT's operating framework and contractual profile to external events, including extreme weather events such as Cyclone Debbie in 2017 and severe mine incidents such as the fire at North Goonyella in 2018.

Figure 4.9: Resilience of DBT to external events



## 4.6. User profile

DBT's User portfolio includes some of the world's largest mining companies and highly experienced coal producers who export coal from 17 mines in the Bowen Basin through DBT. Relationships with a number of these mines have existed since the terminal was commissioned in 1983. Table 4.3 provides an overview of DBT's Users.

Six of the Users account for approximately 90% of the current contracted tonnage in 2020. These Users generally have strong credit profiles with approximately 70% of capacity in 2020 contracted to Users with investment grade ultimate parent entities.

117. AME.

118. Pursuant to non-essential businesses, activities and undertakings closure directions issued by the Chief Health Officer under s 362B of the *Public Health Act 2005* (Qld).

Table 4.3: DBT Users<sup>119</sup>

User	Investment grade User?	Relationship commencement	Mines	Implied reserve life <sup>120</sup> (years)	Implied resource life <sup>120</sup> (years)	Coal type	Comments
Anglo American	✓	1983	Moranbah North, Capcoal & Grosvenor	16	49	Coking	Global diversified mining company
BMC	✓	1983	South Walker Creek & Poitrel	14	66	Coking & PCI	Joint Venture (JV) between BHP (80%) and Mitsui (20%)
BMA	✓	2018	Various	19 <sup>121</sup>	29 <sup>121</sup>	Coking	JV between BHP (50%) and Mitsubishi (50%)
Fitzroy Resources	NR	2006	Carborough Downs & Ironbark No. 1	8	54	Coking & PCI	JV between AMCI (50%) and Riverstone (50%)
Glencore	✓	1983	Clermont, Hail Creek & Oak Creek	12	84	Coking & Thermal	Global diversified mining and trading company
Middlemount Coal	NR	2012	Middlemount	15	25	Coking & PCI	JV between Peabody (50.01%) and Yancoal (49.99%)
Middlemount South	NR	1999	Foxleigh	19	93	Coking	JV between Middlemount South, POSCO, Nippon Steel and Sumitomo Metal
Pembroke Resources	NR	2017	Olive Downs South & Willunga	86	136	Coking & PCI	Private company backed by Denham Capital, a global energy and resources private equity firm
Peabody	✗	1999	Moorvale, Coppabella & North Goonyella	17	n.a. <sup>122</sup>	Coking & PCI	Global mining company
Stanmore Coal	NR	2006	Isaac plains	16	49	Coking, PCI & Thermal	ASX listed mining company
Terracom	NR	2018	Blair Athol	9	15	Thermal	ASX listed mining company

Source: AME, company filings.

119. BMC retains the operational substitutability to utilise HPCT while BMA can use BMC's capacity at DBT. Relationship commencement represents relationship with the underlying mine. NR stands for not rated.

120. With the exception of BMA, User implied reserve life and implied resource life shown based on weighted-average of all User mines which ship through DBT, with weightings based on AME's estimated 2019 ROM production estimates. All references to resources and reserves are sourced from third parties and measured in accordance with their source data, which includes AME and regulatory filings and may not be JORC Code-compliant. Resource calculations are indicative only and do not necessarily reflect future uncertainties such as economic conditions, technical or permitting issues and historical conversion factors may not be indicative of future conversion factors.

121. Represents the shortest implied reserve life and implied resource life of BMA's operating mines in the Bowen Basin as BMA export through DBT from various mines.

122. Resources not reported by Peabody.

## 4. Company Overview (continued)

User mines contracted to DBT comprise mines with relatively long lives that primarily produce high quality metallurgical coal products.<sup>123</sup> As shown in Section 2.4.1, this results in a number of mines that ship through DBT generating strong margins relative to other metallurgical coal mines both globally and within the Bowen Basin, with some User mines amongst the highest margin mines globally.<sup>125</sup> The long mine lives and high quality products of mines contracted to DBT are reflective of the size and quality of the reserves of metallurgical coal located in DBT's core catchment area in the central Bowen Basin.<sup>125</sup> Table 4.4 highlights the reserve and resource lives of the User mines contracted to DBT.

Table 4.4: DBT User mines<sup>124</sup>

User	Mine	Estimated reserves (Mt)	Estimated resources (Mt)	Implied reserve life (years)	Implied resource life (years)
Anglo American	Capcoal	125	532	10	45
	Grosvenor	125	442	19	66
	Moranbah North	183	382	20	43
BMC	South Walker Creek	129	695	18	94
	Poitrel	55	157	11	30
Fitzroy Resources	Carborough Downs	33	177	5	27
	Ironbark No. 1	48	360	15	112
Glencore	Clermont	89	97	8	8
	Hail Creek	210	1,630	21	160
	Oaky Creek	54	675	8	99
Middlemount Coal	Middlemount	82	135	16	25
Middlemount South	Foxleigh	70	350	19	93
Peabody <sup>125</sup>	Coppabella	43	n.a.	12	n.a.
	Moorvale	14	n.a.	5	n.a.
	North Goonyella	100	n.a.	36	n.a.
Pembroke Resources	Olive Downs South	514	813	86	136
	Willunga <sup>126</sup>	n.m.	n.m.	n.m.	n.m.
Stanmore Coal	Isaac Plains	50	156	16	49
Terracom	Blair Athol	27	44	9	15

Source: AME, company filings. All references to resources and reserves are sourced from third parties and measured in accordance with their source data, which includes AME and regulatory filings and may not be JORC Code-compliant.

Note: Resources stated inclusive of reserves in this Table 4.4. For consistency, where the relevant User reports resources as exclusive of reserves, a revised figure has been calculated by summing the reported reserves and resources numbers. Resource calculations are indicative only and do not necessarily reflect future uncertainties such as economic conditions, technical or permitting issues and historical conversion factors may not be indicative of future conversion factors.

123. AME.

124. Reserve and resource life calculated as reserves or resources (inclusive of reserves) divided by 2019 run of mine (ROM) production as estimated by AME, except for Carborough Downs (estimated 2021 ROM production), Ironbark No. 1 (estimated 2023 ROM production), Middlemount (estimated 2021 ROM production), North Goonyella (estimated 2025 ROM production) and Olive Downs South (estimated 2024 ROM production). Because resources are reported as inclusive of reserves, the implied resource life is not in addition to the implied reserve life. In addition, there is no allowance for economic, geological, technical, regulatory and other factors that would in practice influence whether, and the rates at which, resources are ultimately mined.

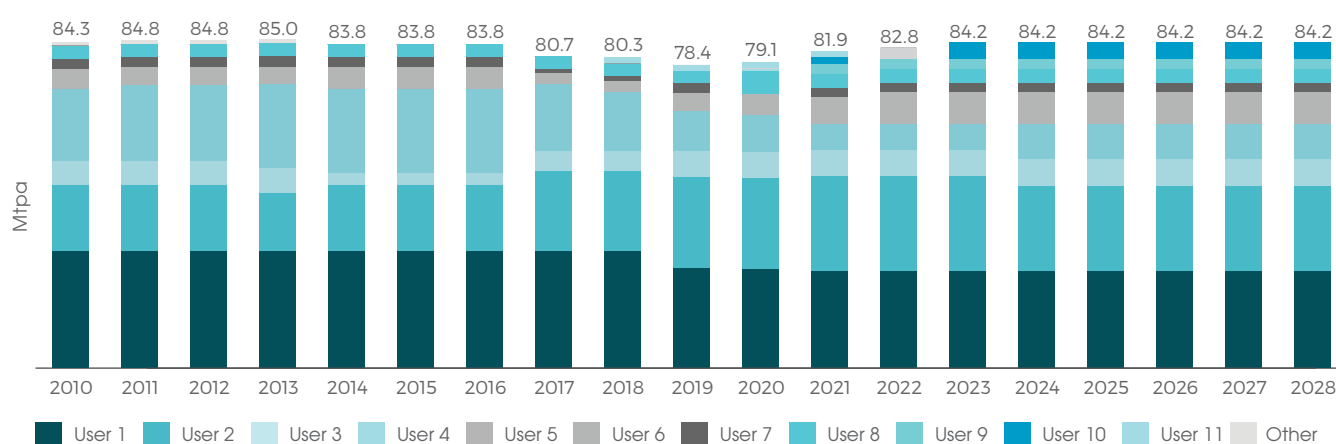
125. Resources not reported by Peabody.

126. Willunga reserves and resources included in Olive Downs South figures.

Historically, when there have been changes in ownership of User mines contracted to DBT, acquirers have generally sought to maintain contracted access to DBT associated with the mines. This reflects the importance of DBT access to the performance of User mines. Under the Access Agreements, DBI cannot unreasonably withhold consent to an assignment of contracted capacity if the acquirer is creditworthy or provides security. DBI has not experienced customer defaults or non-performance since privatisation of the asset.

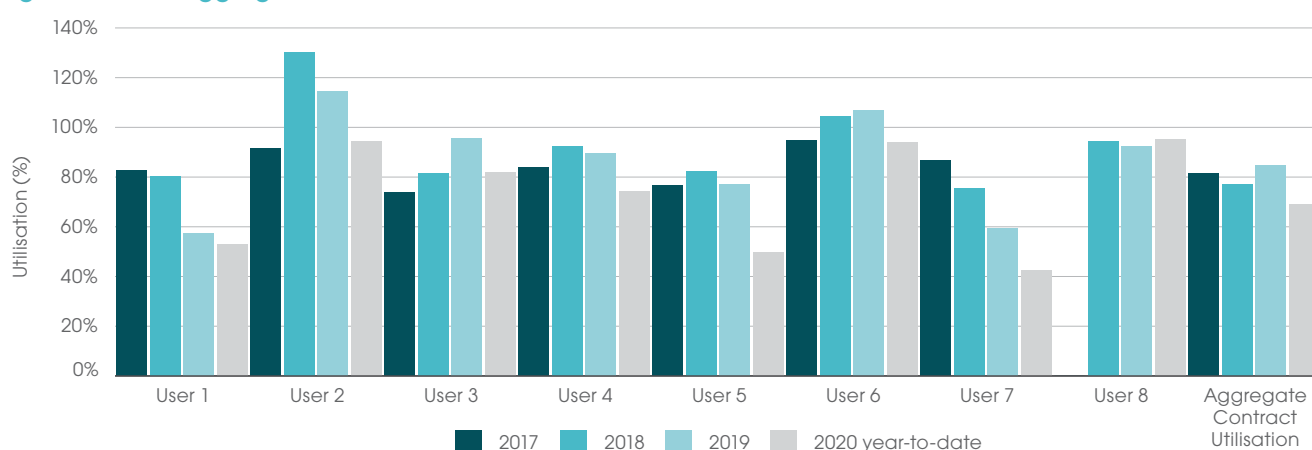
DBT's historical and current contracted capacity profile is shown in Figure 4.10. DBT is fully contracted to System Capacity of 84.2Mtpa from July 2022 to until June 2028.<sup>127</sup>

**Figure 4.10: DBT contracted capacity<sup>128</sup>**



Trading of short-term capacity at DBT occurs in the secondary market. Under their Access Agreements, Users are permitted to assign some or all of their access rights to a third party and/or allow another User or third party to ship coal through DBT using their access rights, subject to DBI's consent, which cannot be unreasonably withheld. Capacity trading has no material impact on DBT operations. Access Agreements also allow Users to ship in excess of their contracted tonnage, provided there is available capacity and other Users are not inconvenienced and an excess charge is paid. This has occasionally resulted in utilisation above 100% of contracted capacity for some Users, as demonstrated in Figure 4.11.

**Figure 4.11: DBT aggregate contract utilisation<sup>129,130</sup>**



127. A User has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under negotiation with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4mtpa of capacity that would otherwise expire between June 2031 and June 2033.

128. June year end.

129. Pro forma year-to-date contracted capacity.

130. Rio Tinto sold their Hail Creek asset to Glencore in 2018. Hail Creek's contracted capacity at DBT was transferred to Glencore in 2018 due to the acquisition. Rio Tinto's contract utilisation in 2017 is not included.



## 4. Company Overview (continued)

### 4.7. Contracted profile

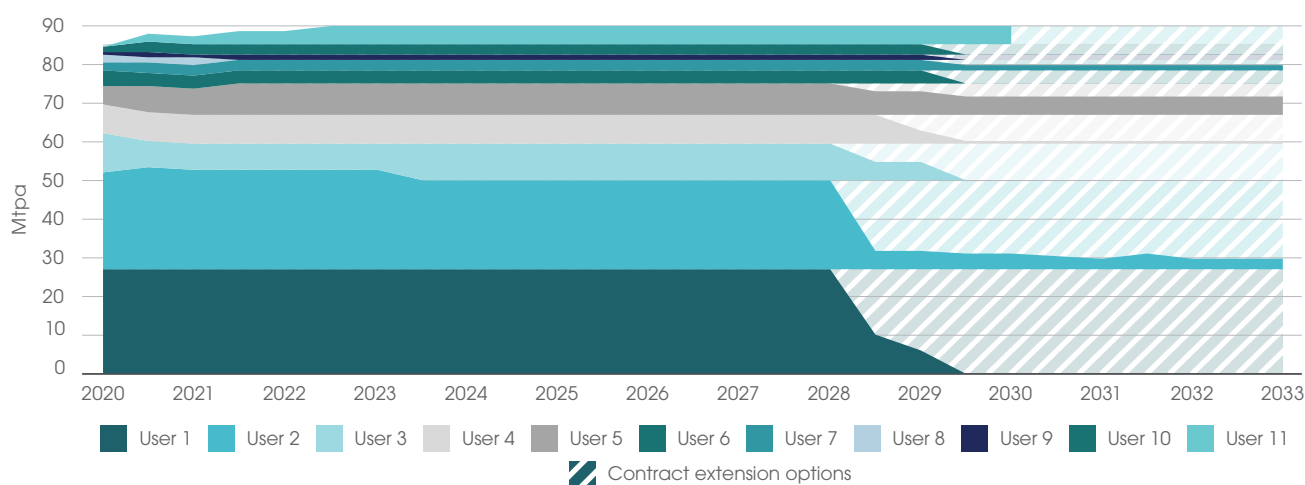
As outlined in Section 3, access to DBT is governed by the process outlined in the Access Undertaking and contracted under an Access Agreement. Access Agreements are take-or-pay, commonly with unlimited evergreen five year renewal options at the User's discretion, if the User has signed an initial ten year term. The majority of Users are signed with an initial ten year term. The extension option must be exercised at least 12 months prior to expiry of the then current contracted term. If exercised for less than the full five years, the extension option is lost. Currently 98% of contracts have extension options.<sup>131</sup> Users can reduce contracted tonnage without penalty on five years' notice.

DBT is currently fully contracted to System Capacity of 84.2Mt on a 100% take-or-pay basis from July 2022 to June 2028.<sup>132</sup> This follows a process conducted in early 2020 as part of the 8X Expansion, whereby, as permitted in the Access Agreement, DBT requested Users to exercise their extension options in order to determine if an expansion is necessary to meet demand in the Access Queue. This process provides assurance that applications for capacity cannot be met through expiring contracts. All contracts subject to the request were successfully extended, representing approximately 79Mt of contracted capacity.<sup>132</sup> This has resulted in an increase in the weighted average contract term from 4.8 years to 8.8 years.<sup>133</sup>

DBT has a track record of successful contract renewals as Users typically take a long term, through-the-cycle view of their contracted position and evergreen renewal options. This is evidenced by the 100% take-up of renewal options for qualifying Users during the recent contract extension process, which was conducted in late 2019. This also reflects the highly strategic nature of access to DBT for Users.

The current contracted profile, including renewal options, is illustrated in Figure 4.12. As all Users exercised their options and DBT is fully contracted until 2028, DBT has proceeded to sign conditional access agreements for 8X Expansion tonnage. See Section 4.11.2 for further details on the 8X Expansion.

Figure 4.12: Contracted capacity and current extension options<sup>134</sup>



As detailed in Section 3, DBT's regulatory framework and fully contracted profile from July 2022 to June 2028 mitigate against the risk of variability in revenue through the take-or-pay arrangements in the Access Agreement and revenue socialisation mechanisms in the Access Undertaking.

Future risk of non-renewal or material uncontracted volumes beyond 2028 is considered by the company to be low. As noted in Section 2, the Bowen Basin's large reserves of high quality metallurgical coal, growing export metallurgical coal demand and the Bowen Basin's position as the leading metallurgical coal export region are expected to support an increase in production from the Bowen Basin.<sup>135</sup> As such, DBT is expected to remain the terminal of choice for Users and Access Seekers in the central Bowen Basin given its proximity to key export destinations, handling services offered, and freight advantages.

131. Percentage is weighted by contract volume. Based on DBT's current contract profile of 84.2Mtpa. Current weighted average term as at 30 September 2020. From July 2022, 100% of contracts have extension options.

132. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under discussion with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4mtpa of capacity that would otherwise expire between June 2031 and June 2033.

133. Based on fully ramped up contracted capacity of 84.2Mtpa from July 2022.

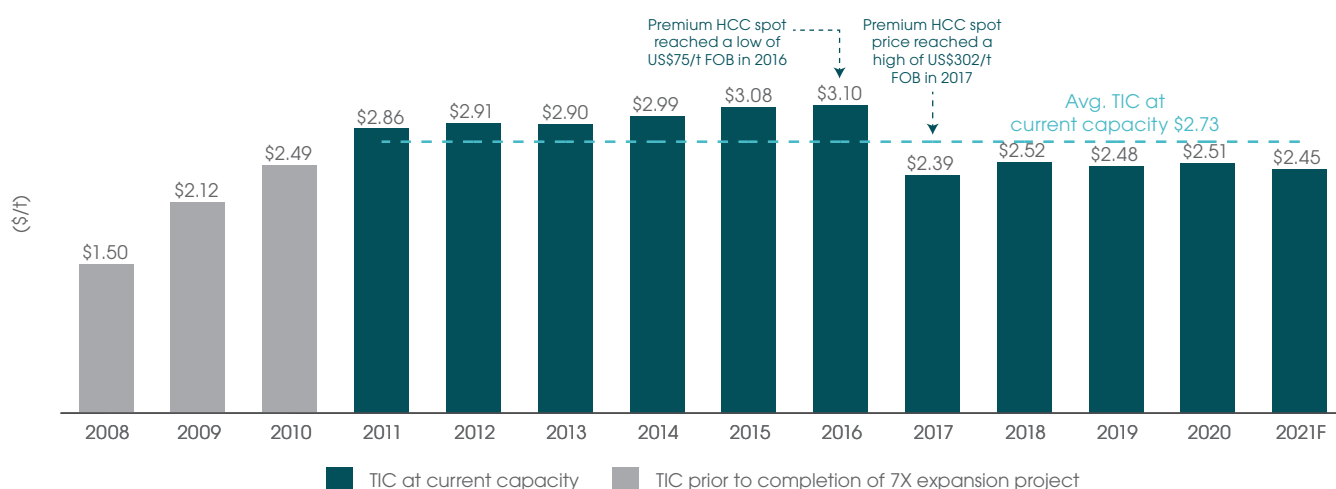
134. Solid fill represents current contracted capacity while textured fill is the expected capacity from the next renewal of customer contracts.

135. AME.

## 4.8. Analysis of TIC

As outlined in Section 3.1, Users are required to pay a TIC for each contracted tonne at DBT. DBT's TIC has historically represented a small proportion of export coal prices and has in previous years been set above current levels. Since the completion of the 7X expansion project in 2010, which brought DBT's capacity to its current Nameplate Capacity of 85Mtpa, DBT's TIC has ranged from \$2.39 to \$3.10, with an average TIC of \$2.73. The approved TIC of \$2.45 for the year ended 30 June 2021 is materially below these levels. The highest TIC over the past ten years of \$3.10 was set during soft market conditions in 2016. Despite the TIC being at its highest point and the soft market conditions, the TIC represented only approximately 4% of the low spot HCC price reached of US\$75/t FOB.

Figure 4.13: TIC at DBT over time<sup>136</sup>



## 4.9. Product mix

DBT is considered a specialty metallurgical coal port at which steel producers or marketers can obtain multiple grades at a single location. Over 80 different grades of metallurgical coal are marketed from DBT.

This is important to steel producers as blast furnaces used in steel making are highly sensitive to changes in coal composition and properties. Steel mills generally seek to secure long term supply of suitable coking coals and therefore tend to be 'sticky' customers of the Users that ship through DBT. Coal variety is also important for some steel mills in Asia which lack sufficient storage space to accept large quantities of one product; instead, these customers prefer to take a variety of metallurgical coal products via a single vessel from DBT.<sup>137</sup>

Historically the mix of coal products handled at DBT has remained relatively stable, reflecting the composition of products produced in the Bowen Basin and the stickiness of steel producers and marketers. As outlined in Section 2.3.2, the composition of resources in the Bowen Basin is characterised by a high proportion of metallurgical coal. It is estimated that approximately 68% of coal exports from the Bowen Basin will be metallurgical in 2020.<sup>137</sup>

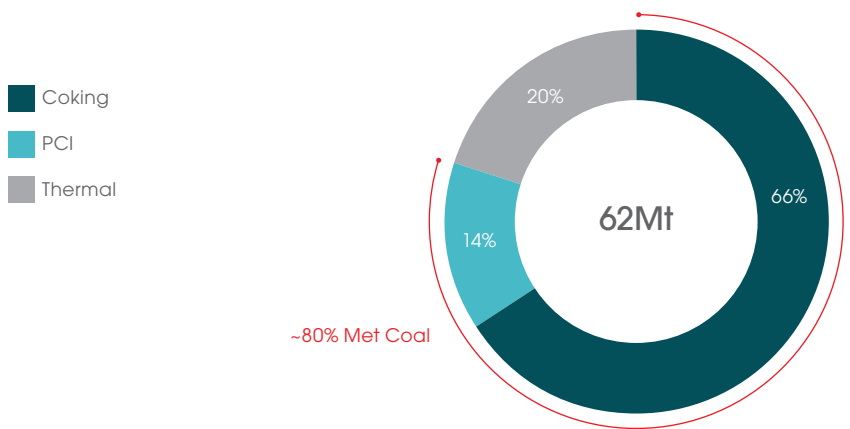
The proportion of metallurgical coal handled at DBT is expected to increase over time, with a majority of source mines in the Access Queue being predominately metallurgical coal. As shown in Figure 4.14, the proportion of metallurgical coal throughput for the last twelve months from July 2019 to June 2020 is approximately 80%.

136. Based on the monthly spot price of premium hard coking coal provided by AME; minimum spot price used for commentary in relation to FY16, maximum spot price shown for FY17. The QCA approved a TIC of \$2.51 for 1H FY11 and \$2.86 for 2H FY11; 2H FY11 TIC is shown on the graph. The 2006 Access Undertaking expired on 31 December 2010, with subsequent regulatory periods based on a 30 June year end. The QCA approved the costs associated with the 7X expansion in December 2009 (phase 1, expanding the terminal to 68 Mtpa) and September 2010 (phase 2/3 expanding DBT to 85Mtpa Nameplate Capacity), resulting in the recognition of capex in the RAB and consequential amendment to the ARR and TIC.

137. AME.

## 4. Company Overview (continued)

Figure 4.14: DBT throughput product mix<sup>138</sup>



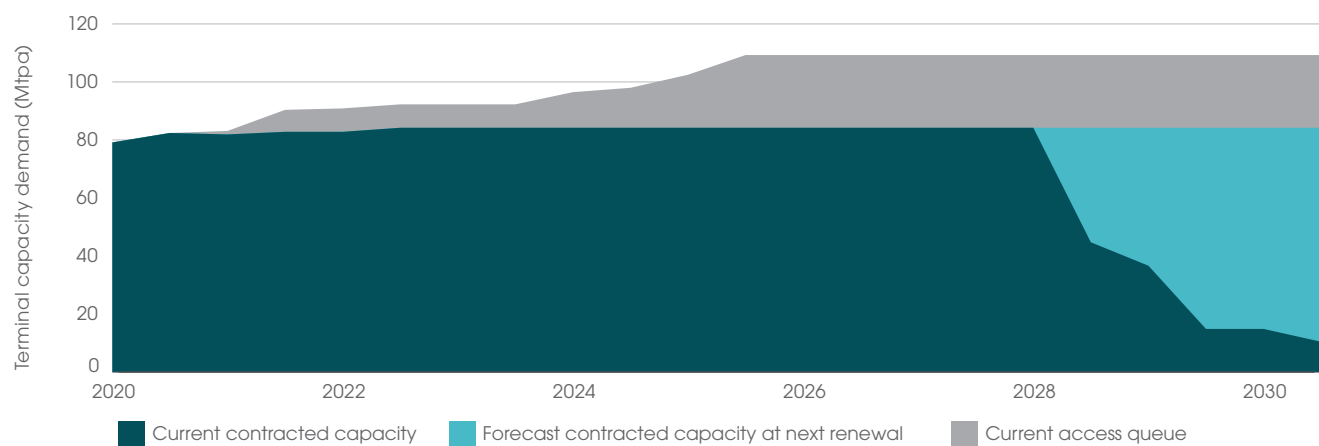
### 4.10. Access Queue

To gain access to DBT, Access Seekers must submit a formal access application. The access application must include details of the upstream resource, including information on the coal reserves, and confirmation of the Access Seeker's ability to secure below rail capacity. DBT manages the Access Queue on an 'as submitted' basis and reviews access applications annually to maintain the credibility of the queue.

Demand for capacity at DBT is strong, with the Access Queue from July 2020 to June 2035 comprised of, in aggregate, demand for contracted capacity up to approximately 25Mtpa above DBT's existing capacity. This demand in the Access Queue reflects demand for capacity in addition to existing Users' contracted capacity. The additional demand in the Access Queue follows the access request process conducted in early 2020, as outlined in Section 4.7. The Access Queue currently includes demand from existing Users and a number of high quality development projects.

DBT has commenced a process to expand DBT's capacity to satisfy the demand currently in the Access Queue. Refer to Section 4.11 for further detail.

Figure 4.15: Contract profile and access queue<sup>139</sup>



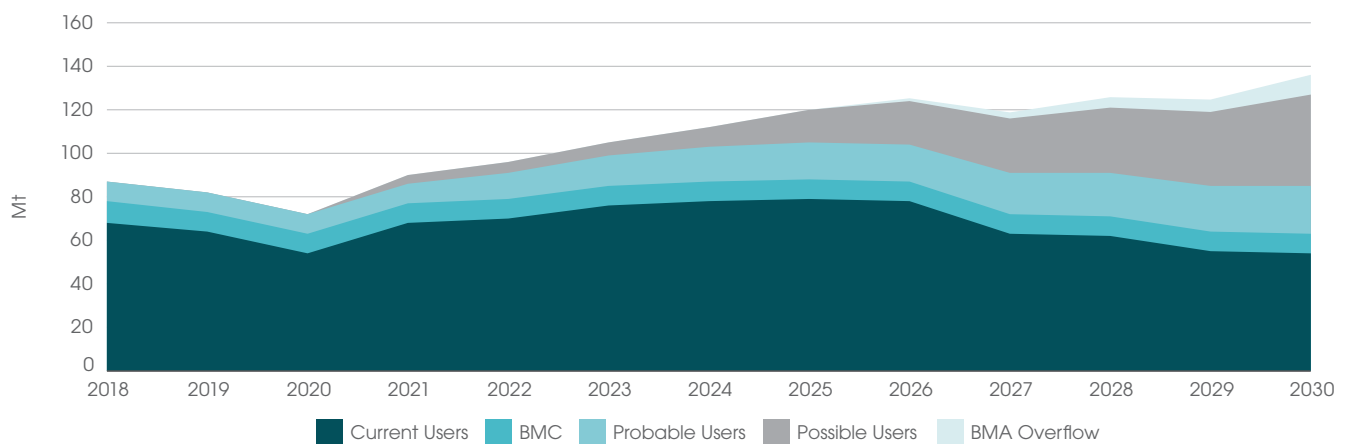
138. Product mix based on last twelve months from July 2019 to June 2020.

139. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under discussion with the relevant customer. If resolved other than as DBT anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4Mtpa of capacity that would otherwise expire between June 2031 and June 2033. Forecast contracted capacity at next renewal is comprised of contracted and forecast renewal capacities. Assumes all evergreen Users will renew their contracts at the next required renewal date.

In addition to the Access Queue, analysis prepared by AME has identified a broader set of mines and projects that could seek to access capacity at DBT in the future. These include mines which do not currently use DBT as their primary export terminal due to insufficient capacity at DBT when the mine was commissioned, BMA mines that are expected to increase production when BMA's production exceeds the current capacity of HPCT, as well as probable and possible projects for which DBT is the most likely terminal of choice due to location and freight advantages.

Figure 4.16 shows the expected production profile of DBT's current Users and potential future demand for access to the terminal.

**Figure 4.16: DBT current User production profile and potential future access demand**



Source: AME.

The categories of potential DBT demand estimated by AME in Figure 4.16 are as follows:

- 'Current Users' refer to miners currently utilising the terminal or which have contracted capacity at DBT, excluding BMC.
- BMC, who currently has contracted capacity at APT and DBT, but is expected by AME to switch tonnage to DBT if additional capacity becomes available given location and freight advantages.
- 'Probable Users' refers to operating mines in the central Bowen Basin for which DBT is in close proximity or which are currently utilising DBT for a portion of their saleable production. Probable Users also include projects which are considered by AME to be very likely to begin production. This includes Pembroke's Olive Downs metallurgical coal project which is considered 'Probable' given its location in the Bowen Basin, Government approvals awarded as of May 2020 and scheduled commissioning in 2022. In addition, there are mines that currently ship through APT that have a high probability of switching to DBT if capacity becomes available. Jellinbah Resources' Lake Vermont is located nearest to DBT but ship the majority of their products through other terminals (primarily APT and RG Tanna) as spare capacity at DBT was not available at the time the mine was commissioned. Given the rail and cost advantages to these mines, the case for diverting exports to DBT if capacity becomes available from an expansion is considered compelling by AME.<sup>140</sup>
- 'Possible Users' refers to planned projects in the central Bowen Basin that are located in the catchment area of DBT and have the potential to be developed in the future. AME considers the projects to have sufficient fundamentals and may begin production by the end of the forecast period, but there remains some uncertainty as to certain aspects of the projects.
- 'BMA overflow' refers to the production projected from BMA mines by AME in excess of capacity at HPCT. BMA mine production in the Goonyella system above HPCT capacity is typically exported through DBT or APT. DBT is situated adjacent to HPCT and is therefore considered by AME to be the natural terminal to handle excess BMA production.

As discussed in Section 2.5, the ramp-up in potential demand reflects the expected increase in metallurgical coal demand, the coal quality and competitive advantage of the Bowen Basin relative to other metallurgical coal export regions, and DBT's competitive advantage relative to other terminals in Queensland.

140. AME.



## 4. Company Overview (continued)

### 4.11. Expansion pathway

#### 4.11.1. Overview

As discussed in Section 4.2, DBT's Nameplate Capacity was expanded from 56Mtpa in 2003 to 85Mtpa in 2009. This capacity expansion was delivered over four phases, through a process of consultation with Users, Access Seekers, the Operator, QCA and other stakeholders.

DBT retains expansion optionality to accommodate the expected growth in metallurgical coal exports from the Bowen Basin. The 8X Expansion presents a well-defined technical and commercial pathway to expand capacity to 97.5Mtpa, while the 9X Expansion supports the potential for further expansion of capacity to 135.7Mtpa.

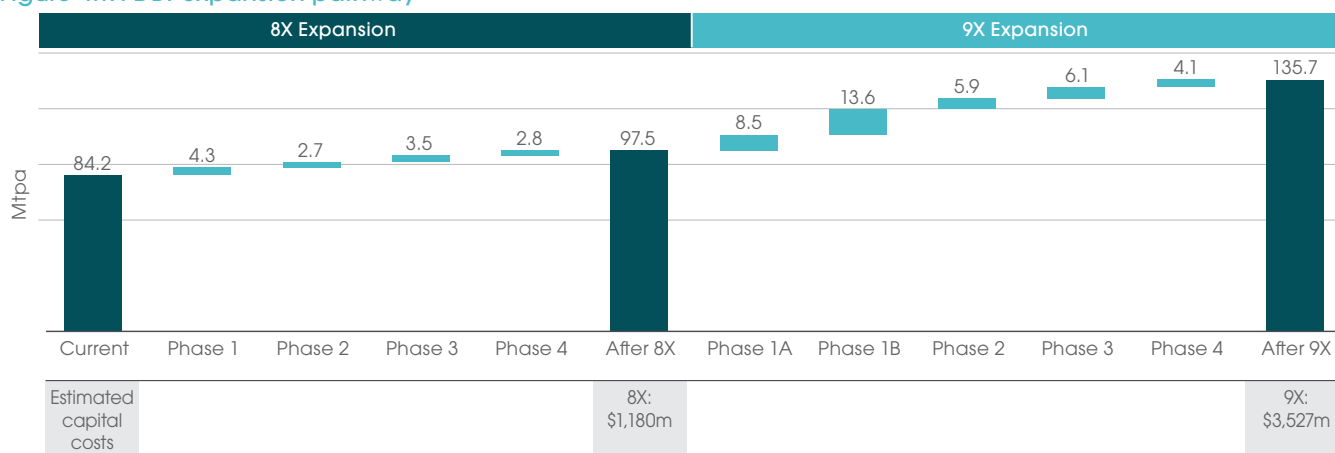
If developed, these expansions could add up to \$4.6bn (\$2020) to the capital base. The QCA has historically approved 100% of capex, both expansionary and NECAP, for addition to the RAB, ensuring DBI earns a return on all capital invested.

Given DBI's assessment of the depth and quality of the Access Queue, anticipated demand in end markets for metallurgical coal, relatively strong Bowen Basin mine economics, and the number of quality metallurgical coal projects in the development pipeline, DBI has commenced the process for the 8X Expansion.

The Access Undertaking sets out expansion obligations which provide a framework under which DBI is required to expand DBT where there is demand for additional capacity. As outlined in Section 3, these obligations are subject to a range of conditions which may contribute to de-risking any expansion of capacity at DBT for DBI.

Figure 4.17 displays a potential expansion pathway incorporating both the 8X Expansion and 9X Expansion. This pathway is based on preliminary studies and sequenced to prioritise the works that are expected to yield the greatest capacity gain for the lowest cost at each phase. There is flexibility in the timing and sequencing of each phase.

Figure 4.17: DBT expansion pathway<sup>141</sup>



141. Estimated capital costs presented in 2020 real dollar terms. Costs represent current DBI estimates and includes costs associated with feasibility studies which are currently estimated at \$20m for 8X Expansion and \$90m for 9X Expansion. Estimate capital costs for 8X Expansion and 9X Expansion are to a FEL1 concept study level.

#### 4.11.2. 8X Expansion

The 8X Expansion comprises four phases that, if implemented, DBI expects would increase DBT's capacity to 97.5Mtpa at a total estimated cost of approximately \$1.2bn (\$2020). The 8X Expansion is focused on terminal optimisation by maximising storage volume as well as increasing inloading and outloading capabilities within the existing footprint of DBT and its marine facilities.

The works to be undertaken for each of the 8X Expansion phases are summarised in Table 4.5 below.

Table 4.5: 8X Expansion summary

Expansion	Phase <sup>142</sup>	Scope	Incremental capacity (Mtpa)	Capacity (Mtpa)	Indicative cost (\$m) (\$2020) <sup>143</sup>
8X	Phase 1	New Shiploader 4 on Berth 3 plus outloading optimisation	4.3	88.5	240
	Phase 2	Stockyard Augmentation Project plus upgrade of Stacker ST2 and conveyors S5, S6A, S6 and R2	2.7	91.2	175
	Phase 3	Rail Receival Pit 4 and Inloading System 4 plus upgrade to Inloading 2 and Outloading 2 and decommission of Inloading 1	3.5	94.7	350
	Phase 4	Completion of Row 8, vertical western wall, replacement of Reclaimer RL2 with a new reclaimer to suit the new Row 8 configuration, a new stacking conveyor and a new Stacker to the west of Row 8	2.8	97.5	395

Figure 4.18: 8X Expansion works



142. 8X Expansion phases have been renamed in the 2019 Master Plan. Phase 1 was previously 'SL4 on Berth 3,' Phase 2 was '8X Phase 1', Phase 3 was '8X Phase 2' and Phase 4 was 'Zone 4'.

143. Indicative cost estimates do not include estimated \$20m for feasibility studies.

## 4. Company Overview (continued)

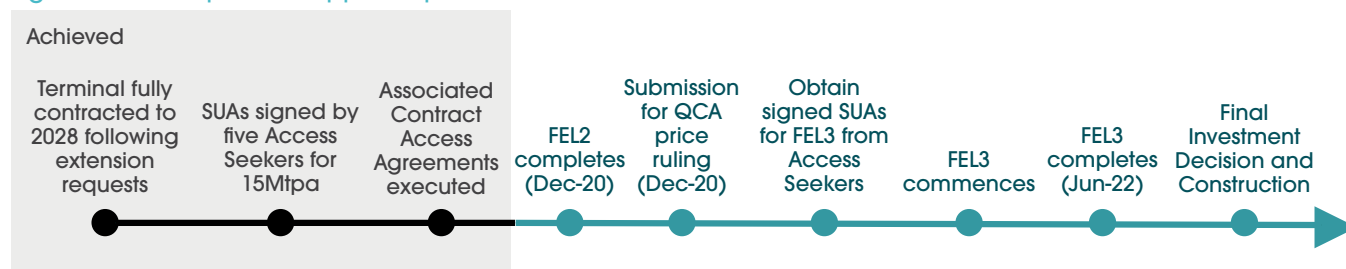
Substantial progress on the 8X Expansion has been made in the last twelve months. DBI commenced the 8X Expansion process by issuing Users with a formal request to extend existing Access Agreements by five years to confirm demand in the Access Queue could not be satisfied by existing capacity. All contracts subject to the request were successfully extended, such that DBI is fully contracted to System Capacity from July 2022 until June 2028 on a 100% take-or-pay basis.<sup>144</sup> Phase 4 of the 8X Expansion has been completed to FEL3. FEL2 for phases 1, 2 and 3 are still in progress.

The Access Queue has also been updated as part of the 8X Expansion process. Aggregate requests from Access Seekers of 25Mtpa were received for July 2020 to June 2035, which compares to approximately 13Mtpa of additional capacity available under the 8X Expansion. In addition, Access Seekers with aggregate volumes of approximately 15Mtpa in the Access Queue have signed a QCA approved standard underwriting agreement (SUA) to underwrite 8X Expansion FEL2 study costs.<sup>145</sup> This is the first financial commitment to feasibility studies made by Access Seekers since the 7X expansion in 2009. The FEL2 study has commenced and is expected to be completed in December 2020. Following completion of the FEL2 study, Access Seekers will be asked to underwrite FEL3<sup>146</sup> study costs to progress to construction activities. FEL3 work is expected to be completed by June 2022.

Following finalisation of the FEL2 studies, DBI will seek a ruling from the QCA on the approach to pricing structure. As discussed in Section 3, the QCA will determine whether the 8X Expansion will be undertaken on a socialised basis with return on expansion costs being shared across all Users or on a differentiated basis, with return on expansion costs being shared across Users of the expansion capacity only.

The anticipated timeline for completing the 8X Expansion approval process is shown in Figure 4.19.

Figure 4.19: 8X Expansion approval process timeline<sup>144</sup>



Capacity on the rail network that links mines to DBT is a key issue for the expansion of DBT. Under Aurizon Network's regulatory framework it is required to expand capacity of the rail network to accommodate demand from customers, provided that certain conditions are met. At a high level, the same underlying commercial demand for export capacity at DBT (reflected in the access queue) will trigger a requirement for Aurizon Network to expand rail System Capacity.

The ILC has undertaken a comprehensive review of System Capacity as part of DBT's 2019 Master Plan and determined that there are no rail system constraints up to 97.5Mtpa.

Aurizon Network is currently reviewing capacity of the Goonyella system, with an independent expert report expected to be released by March 2021. In previous reviews into expansion of the Goonyella corridor Aurizon Network has assessed demand scenarios up to 165Mtpa,<sup>147</sup> which is 25Mtpa above the current combined capacity of DBT and HPCT.

To the extent upgrades to the Goonyella rail system capacity need to be undertaken to accommodate the 8X Expansion, DBI expects these to be completed within the timeframes contemplated for full commissioning of expanded capacity. The 8X Expansion includes an upgrade to the rail receipt infrastructure at DBT to accommodate additional rail paths delivered through increased rail system capacity.

144. A customer has raised a procedural issue in relation to the process of renewal for their contracts. This issue remains under discussion with the relevant customer. If resolved other than as DBI anticipates, the contracts in question may have their original expiry dates and the option to renew reinstated. This affects 4Mtpa of capacity that would otherwise expire between June 2031 and June 2033.

145. FEL2 represents a pre-feasibility study.

146. FEL3 represents a feasibility study.

147. Aurizon Network, Network Development Plan 2019. Note that Aurizon Network has not provided their consent for any statements to be included in the Prospectus.

### 4.11.3. 9X Expansion

The 9X Expansion comprises four phases which could increase terminal capacity to 135.7Mtpa at a total cost estimated to be approximately \$3.5bn (\$2020). The 9X Expansion includes the addition of a new stockyard and two new berths. These components cannot be delivered within the existing terminal footprint. As a result, DBT would require additional land and capital dredging would be necessary.

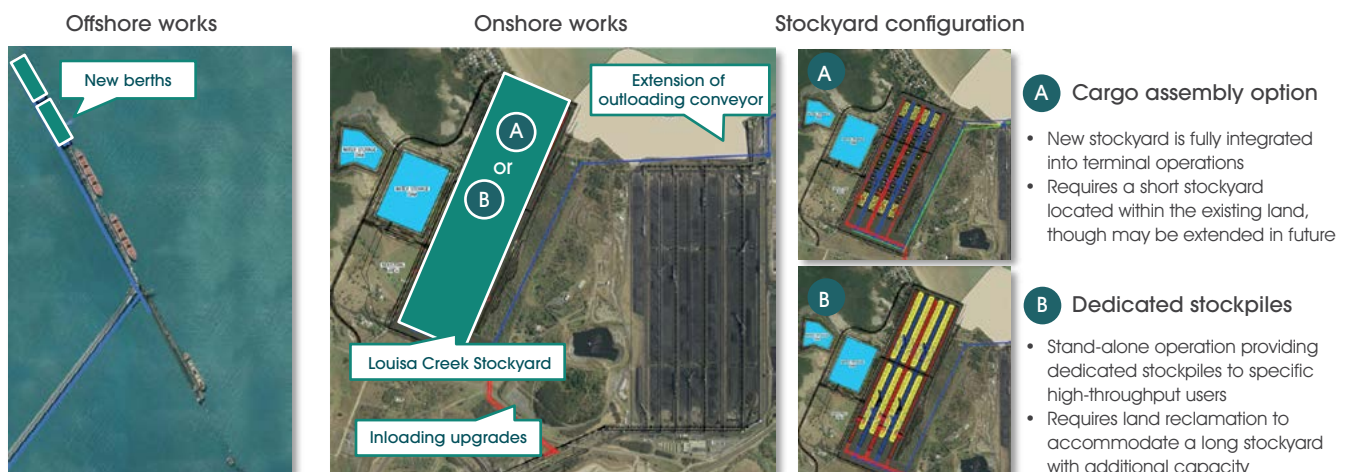
Capacity on the Goonyella rail system will need to be expanded to accommodate the 9X Expansion. In a previous review, Aurizon Network identified that capacity on the trunk route between Hatfield and Yukan was limited and additional capacity would require triplication and other changes, with an estimated cost of \$800m (\$2016-17).<sup>148</sup>

Table 4.6: 9X Expansion summary

Expansion	Phase	Scope	Incremental capacity (Mtpa)	Capacity (Mtpa)
9X	Phase 1A	New stockyard at Louisa Creek, upgrades to Inloading 1, and new Outloading 4 conveyor system	8.5	106.0
	Phase 1B	New inloading stream and additional stockyard rows with additional reclaimer and stacker	13.6	119.6
	Phase 2	New Berth 5 plus additional onshore link conveyor from new stockyard to existing	5.9	125.5
	Phase 3	Addition of SL5 and transfer from OL4, extension of conveyors and outloading strings	6.1	131.6
	Phase 4	New berth 6 and extension of outloading conveyors to expand SL coverage	4.1	135.7

The potential 9X Expansion supports DBT's ability to accommodate the anticipated demand for capacity driven by the expected long term growth in metallurgical coal exports from the Bowen Basin and which are expected to seek access to DBT given its strategic location, as outlined by AME. FEL1 feasibility study is completed for the 9X Expansion. Further detail on the works to be undertaken for the 9X Expansion is illustrated in Figure 4.20.

Figure 4.20: 9X Expansion works



148. Aurizon Network, Network Development Plan 2016 – 17.



4. Company Overview (continued)

4.12. Organisational structure

DBI had 26 employees as at August 2020.

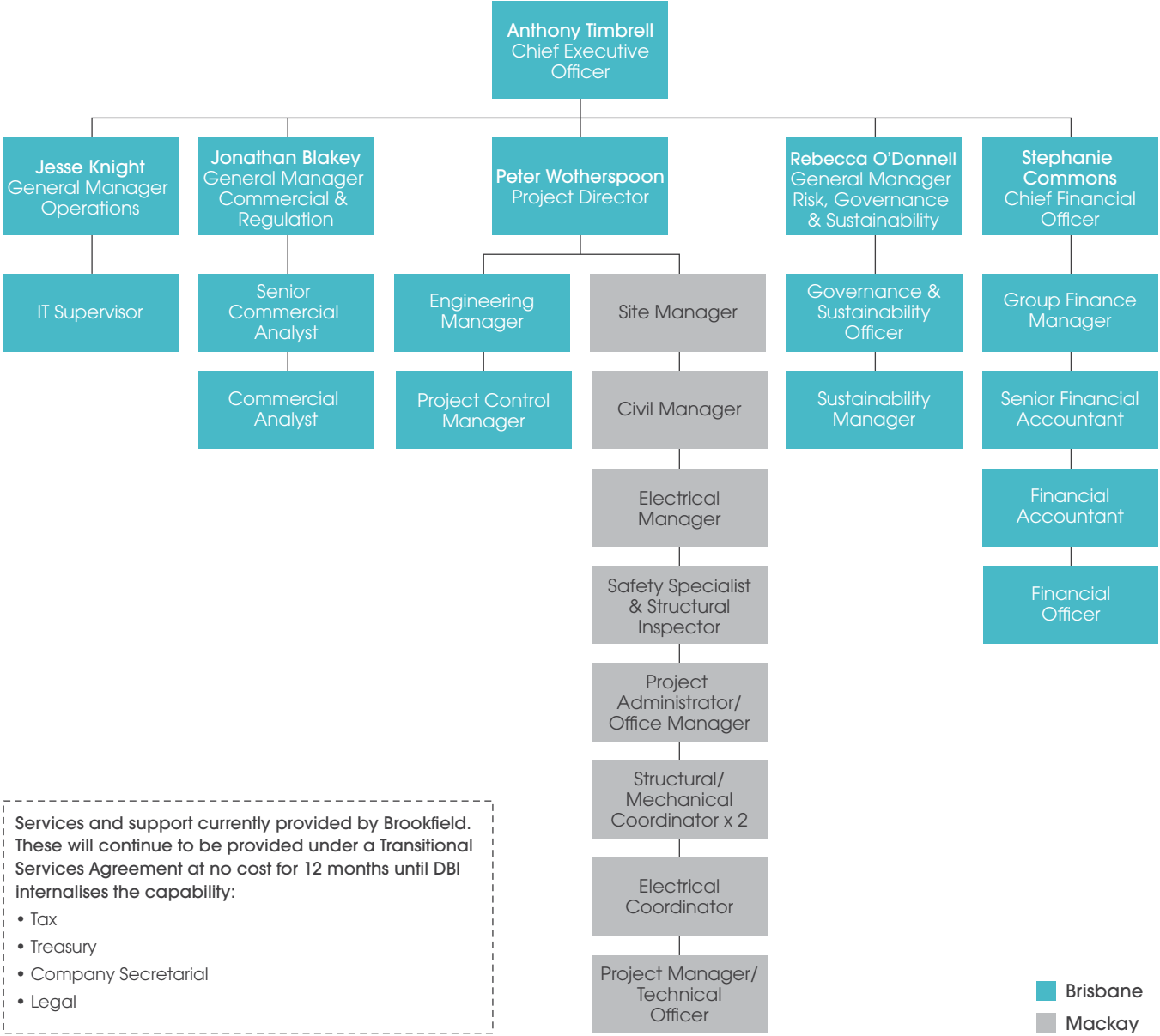
Its Brisbane office currently hosts 17 employees undertaking corporate functions, including executive management, finance, commercial and regulatory, project management, operations, corporate governance and sustainability. Maintaining a corporate office in Brisbane is considered essential given key stakeholders have offices in Brisbane – in particular, the QCA, the ILC, NQBP and Users.

DBI also maintains an office on site at DBT. This currently hosts 9 employees involved in the execution of NECAP projects and liaison with the Operator.

The average tenure of the executive management team is 16 years.

Figure 4.21 provides an overview of DBI’s current organisation structure.

Figure 4.21: DBI Organisational Structure



Source: DBI.

The Operator employs more than 350 people as at August 2020 and there are typically more than 300 contractors on site, predominantly in maintenance support and construction roles.

## 4.13. Insurance

DBT is insured by a mix of policies held by DBI and by the Operator. Apart from business interruption and public liability, insurance procurement is the responsibility of the Operator under the OMC, with all costs passed through to the Users. To ensure that the insurance profile is adequate for DBT and its operation, DBI works closely with the Operator and insurers.

Table 4.7 below summarises the key insurance policies in place for DBT and accountability for cover between DBI and the Operator.

**Table 4.7: DBI's Insurance summary<sup>149</sup>**

		Comments
DBI	Business interruption	Covers business interruption loss as a result of the insured events under the below Industrial Special Risks policy
	Non-Expansion Capital Expenditure Liability	Covers liability for personal injury or property damage to third parties
	Motor Fleet	Covers for damage to own vehicles and third party material damage
	Workers Compensation	Covers wages and medical costs of employees injured due to their employment
	Terrorism <sup>150</sup>	Australia Federal Government terrorism insurance scheme
Operator	Industrial Special Risks	Covers the terminal assets and all equipment
	Terminal Operators Liability	Covers liability for cargo, ships and other property of customers, third party liabilities and infringement of personal rights
	Professional Indemnity <sup>151</sup>	Covers errors & omissions, as well as consultancy service and legal liability. Additional benefit regarding port operations
	Environmental Liability	Covers pollution incident liability

Source: DBI.

## 4.14. Information technology and communications

The Operator is responsible for maintaining the IT systems used on site. Multiple applications are used by the Operator to support day-to-day port operations, asset management, planning, finance, ESG, procurement and Human Resources.

DBI has ultimate ownership of the core IT system used for systems control and data acquisition (**SCADA**) along with the data warehouse. The Operator owns JDE (enterprise resource planning system), PortVu (terminal management system) and Quintiq (supply chain software).

DBI has oversight of the Operator's resilience to cyber-related disruption. DBI and the Operator's cybersecurity risks are reported at the Board level and addressed via preventative measures (such as firewalls and staff training) and by maintaining adequate data recovery and business continuity processes. Under current management, there have been no material cyber security incidents.

149. Represents all key DBI policies and select key Operator policies in relation to DBT.

150. DBI is also considering taking out cyber insurance.

151. Covered under the Operator's Terminal Operators Liability package policy.



## Section 5

# Environment, Social and Governance



# 5. Environment, Social and Governance

## 5.1. Introduction

DBI is committed to industry leading ESG and sustainability principles.

DBI and the Operator have established a whole-of-terminal approach to ESG at DBT. Governance and risk management principles are reflected in all aspects of terminal management, with both DBI and the Operator demonstrating a track-record of consistently meeting regulatory and community expectations.

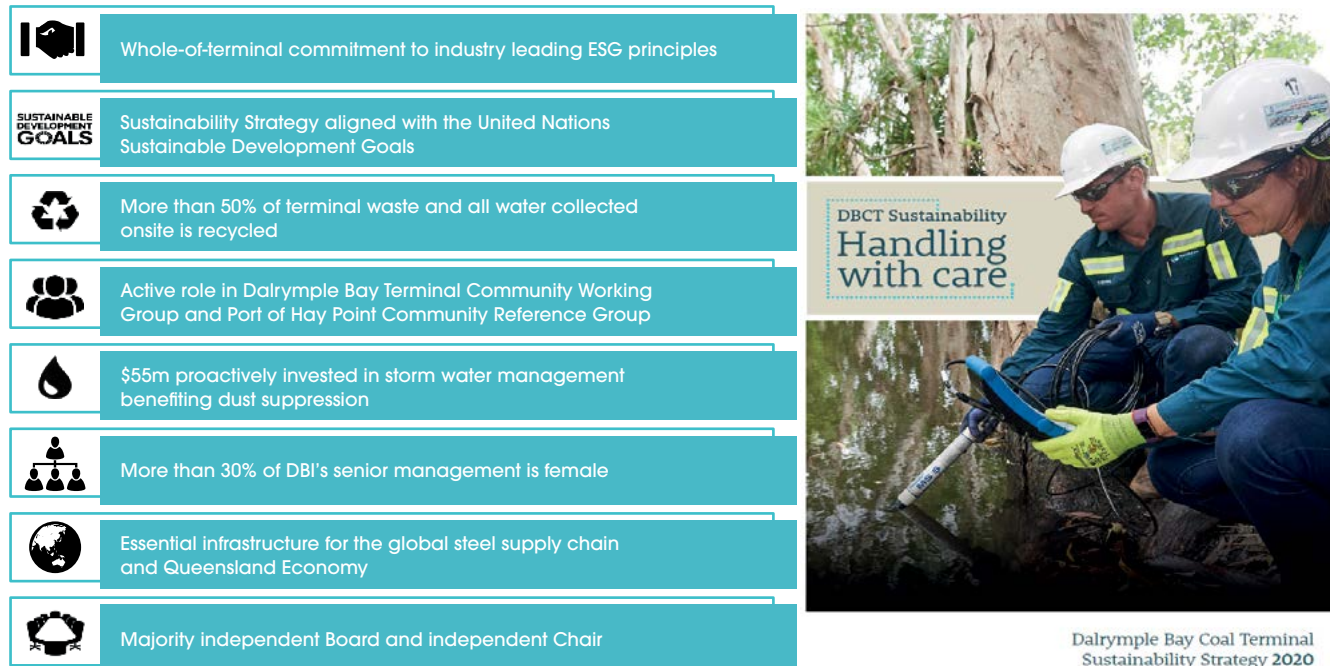
DBI and the Operator have also developed a Sustainability Strategy for DBT to build on the sustainability programs and initiatives that are already in place. The Sustainability Strategy is aligned with the United Nations Sustainable Development Goals and establishes principles which are embedded in daily operations, decision making and long term planning, designed to ensure the operation of the terminal is efficient, safe and sustainable. DBT's core Sustainability Strategy principles are:

- ensuring the safety and wellbeing of employees;
- protecting and monitoring the environment in which DBT operates;
- conducting business according to the highest ethical and performance standards; and
- supporting local communities through engagement and investment.

As part of its ESG framework and reporting, DBI is committed to publishing an annual sustainability report. Reporting on climate change-related risks will be aligned with the Task Force on Climate-related Financial Disclosures' (TCFD) recommended by the Financial Stability Board. The TCFD framework provides disclosure for investors and other stakeholders relevant to evaluating climate change-related risks.

This Section provides an overview of DBT's ESG framework and Sustainability Strategy.<sup>152</sup>

Figure 5.1: DBT's ESG framework and Sustainability Strategy highlights<sup>153</sup>



Source: Dalrymple Bay Coal Terminal Sustainability Strategy 2020.

152. For further information on DBI and the Operator's Sustainability Strategy see DBI's company website.

153. \$55m invested in storm water management across 2014 – 16.

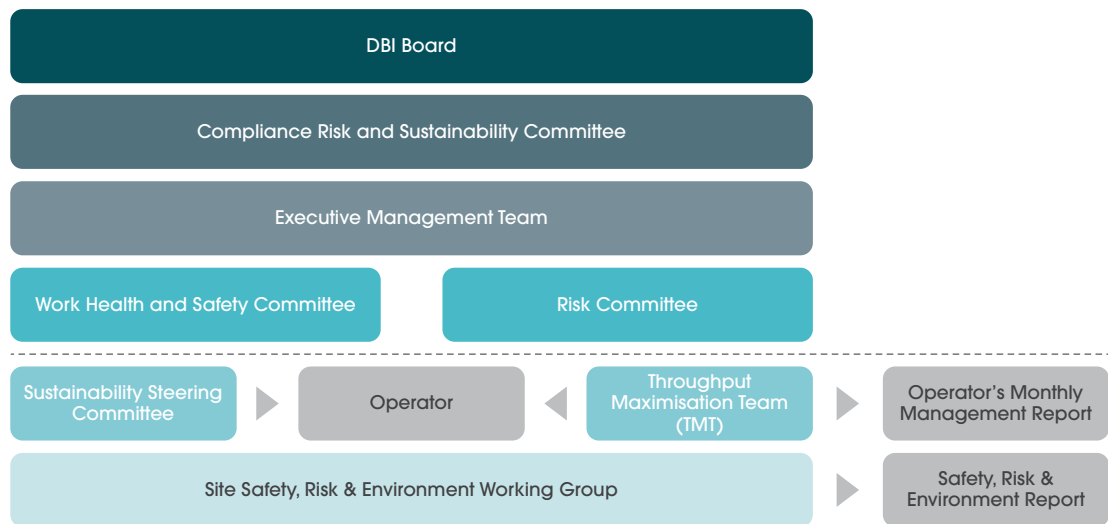


## 5. Environment, Social and Governance (continued)

### 5.2. Governance

DBT has a governance and risk management framework in place that underpins its operating performance and is designed to meet or exceed legislative, regulatory and contractual requirements.

Figure 5.2: Governance framework



The Board of DBI is ultimately responsible for the management of ESG risk. The Compliance Risk and Sustainability Committee (which is a Board Committee) assists the Board in that regard by reviewing sustainability risks and issues, monitoring DBI's performance on sustainability matters, and providing ongoing advice and recommendations to the Board regarding sustainability matters, among other things. The Board and the Compliance Risk and Sustainability Committee provide oversight and strategic direction for the executive management team, which is responsible for the day-to-day management of ESG risks. Management has established the Work Health and Safety and Risk committees, which are comprised of the CEO and other members of the executive management team. Key risk areas are reviewed by DBI's senior management team on a monthly basis, with risk mitigation strategies tested and reported to DBI's Board on a quarterly basis.

As outlined in Section 4.4, the day to day operation of DBT is the responsibility of the terminal Operator (under the OMC), including obtaining and maintaining relevant approvals and licenses, and managing safety at the terminal. The Operator holds the Environmental Authority for DBT and retains responsibility for O&M related compliance, as well as compliance with relevant safety legislation. Under the OMC, the Operator is also obligated to provide DBI with a rolling five year operation and maintenance plan which includes planned maintenance programmes and activities.

The Operator's risk management framework provides assurance regarding the Operator's compliance, and includes an Environmental Management Plan (EMP) and Health and Safety Management Plan (HSMP) aligned to ISO 31000 Risk Management Guidelines. The EMP is underpinned by the Environmental Management System, which is certified to ISO 14001. The HSMP is underpinned by a Health and Safety Management System, which is certified to ISO45001. Both of these Systems are subject to independent audit. The Operator also holds ISO 9001 Quality Management Systems certification.

In addition to the Operator's risk management framework, DBI monitors the Operator's compliance with contractual obligations of the OMC through monthly reporting of key performance indicators, management meetings, incident reporting, audits, observation of site conditions and monitoring programs. Additionally, construction contractors engaged by DBI are subject to pre-qualification screening and ongoing compliance checks during construction.

The TMT is comprised of members of the executive teams of both DBI and the Operator and it meets monthly to discuss the operation of the terminal, with a focus on safety, environment and performance.

The Board, through the Compliance Risk and Sustainability Committee, is ultimately responsible for monitoring the establishment of appropriate sustainability objectives, and the strategies in place for meeting these objectives. A Sustainability Steering Committee, composed of senior executives from DBI and the Operator, has been established to oversee the development and implementation of the Sustainability Strategy, and to make decisions critical to the success of the sustainability program on a day-to-day basis.

The governance arrangements for DBT are further supported by DBI's Board arrangements, as outlined in Section 8.5. For further details on the roles and responsibilities of DBI and the Operator for DBT, see Section 4.4.2.

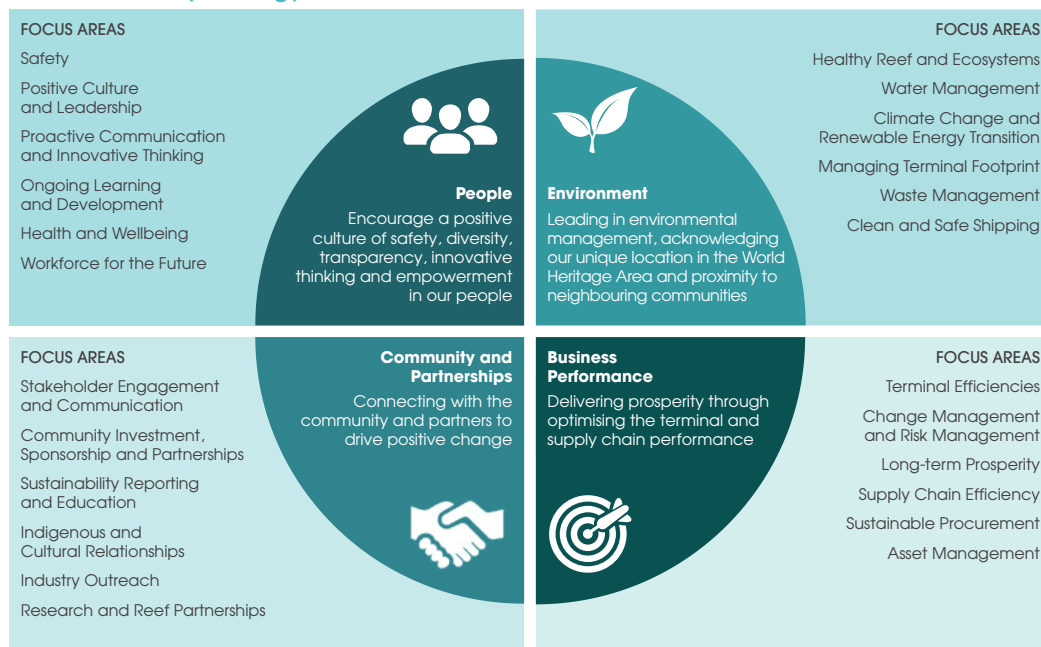
### 5.3. Sustainability Strategy

Since terminal operations commenced in 1983, DBT has embedded sustainability practices in daily operations. This includes safety, environmental stewardship, community engagement, workplace diversity, proactive management and operational efficiency.

DBT's approach to sustainability recognises the responsibility of operating in its unique location within the Great Barrier Reef World Heritage Area (GBRWHA) and playing a pivotal role in the global steel supply chain.

Building on programs and initiatives already in place, DBT has developed a Sustainability Strategy through a joint commitment between DBI and the Operator. Four key pillars – people, environment, business performance and community and partnerships – form the framework for DBT's Sustainability Strategy initiatives and programs. Each pillar is aligned to long term strategic goals, with the aim to achieve these goals by 2030. Specific focus areas have been identified for each pillar. These focus areas are outlined in Figure 5.3.

Figure 5.3: DBT's Sustainability Strategy framework



The Sustainability Strategy and its initiatives have been developed and analysed through consultation across the business and with external stakeholders. The Sustainability Strategy has also been aligned with the United Nations Sustainable Development Goals and is designed to ensure DBT is meeting its responsibility to address global issues.

Figure 5.4: United Nations Sustainable Development Goals



Source: United Nations Department of Economic and Social Affairs.

## 5. Environment, Social and Governance (continued)

### 5.4. People

DBI and the Operator recognises their workforce is key to a sustainable future and will be critical to its success. DBT offers flexible work arrangements, and ongoing learning and development opportunities focused on strategic, innovative and solutions-focused thinking. DBT also encourages a positive culture of diversity with the representation of women in DBI and DBT's combined workforce at 19%<sup>154</sup> and 33% of DBI's senior management represented by women.

Additionally, the health and safety of DBT's employees is paramount. The Operator's safety system is underpinned by ISO45001 Occupational Health and Safety (OH&S) Management certification. DBI's primary role in relation to OH&S at DBT is to monitor the Operator's compliance with its OH&S obligations. Table 5.1 summarises the Operator's legal obligations to report certain notifiable events. Since January 2017, eleven OH&S incidents have been reported to safety regulators.

Key statistics  
(as at September 2020)

**26**  
permanent employees  
in DBI's workforce

**350+**  
permanent employees in  
the Operator's workforce

**33%**  
women in DBI's  
senior management

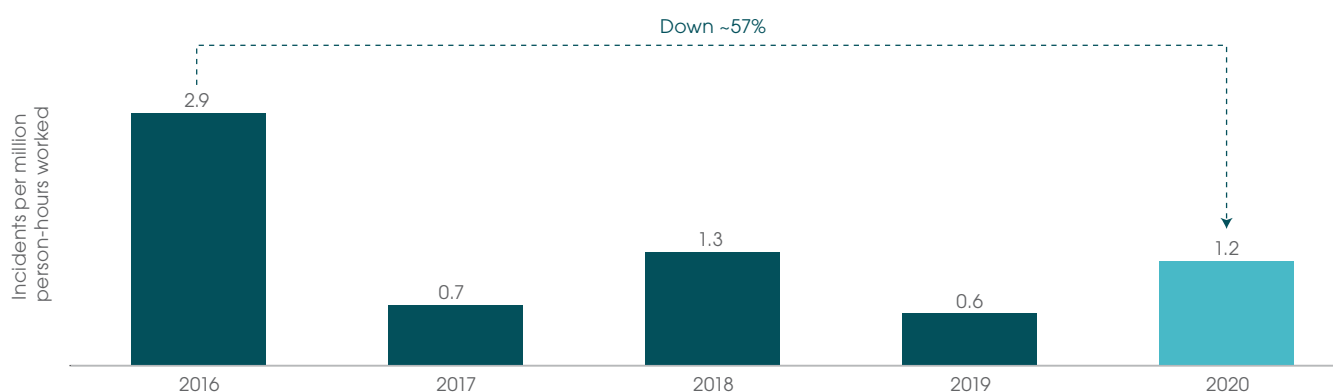
**300+**  
contractors at DBT each day  
(predominately in maintenance  
support and construction roles)

Table 5.1: OH&S notifiable events

Safety regulator	Notifiable event
Work Health and Safety Queensland	Death, serious injury, illness or dangerous incidents
Electrical Safety Office	Serious electrical incident or dangerous electrical events
Australian Maritime Safety Authority	Dangerous event involving ship or its crew
WorkCover	Notification of injuries

As shown in Figure 5.5, DBT has achieved a lost time injury frequency rate of 1.2 for 2020 year-to-date, down approximately 57% since 2016.<sup>155</sup>

Figure 5.5: Lost time injury frequency rate<sup>155</sup>



Source: DBI.

154. Includes the Operator and DBI's workforce.

155. Includes Operator employees and contractors. 2020 year-to-date as at 31 August 2020. In 2019, there was only one Lost Time Injury, whereas two Lost Time Injuries have occurred in 2020 year to date.

## 5.5. Environment

DBI and the Operator recognise that DBT's location within the GBRWHA, and proximity to residential communities, brings responsibility to ensure operations continue to have no detrimental impact on people or the unique ecosystem. DBT is required to comply with strict environmental regulation that governs operating within the GBRWHA.

DBT is committed to protecting and enhancing the environment through leading environmental management practices and strong partnerships with environmental groups. DBI and the Operator recognise climate change and continue to be focused on the sustainability of terminal operations, identifying actions to optimise efficiency and reduce emissions by reviewing operations and implementing innovative technologies.

Key statistics FY19/20  
(June year end)

**1,837ML**  
of water captured on site  
and recycled for terminal use

**57%**  
of waste was recycled

### 5.5.1. Greenhouse gas emission

DBT is a low emission asset relative to other transport and infrastructure assets. As summarised in Table 5.2, DBT has the lowest scope one emissions relative to peers in the Australian regulated and transport infrastructure industry. DBT's scope one emissions, that is direct emissions from activities undertaken, are primarily attributed to emissions from diesel fuel. Additionally, DBT is ranked in the second quartile for scope two emissions. Scope two emissions are indirect emissions due to electricity use at DBT.

Table 5.2: National Greenhouse and Energy Reporting 2018-19<sup>156</sup>

	Scope one		Scope two	
	† CO2-e	Rank	† CO2-e	Quartile
<b>DBT</b>	<b>1,055</b>	<b>1</b>	<b>89,672</b>	<b>2</b>
Electranet	3,182	2	173,371	2
Sydney Airport	5,755	3	77,865	2
TasNetworks	7,346	4	92,225	2
Transgrid	13,975	5	1,642,718	4
Powerlink	16,879	6	1,134,695	4
Melbourne Airport	19,865	7	37,980	1
AusGrid	23,163	8	823,969	3
Victoria Power Networks	28,956	9	1,164,849	4
Port of Gladstone	32,441	10	61,862	1
Western Power	33,440	11	673,509	3
AusNet	207,841	12	1,395,115	4
Dampier Bunbury Pipeline	249,284	13	1,140	1
Aurizon	482,794	14	364,813	3
Australian Gas Networks	581,973	15	692	1
APA Group	1,228,442	16	196,047	3

Source: Australian Government Clean Energy Regulator.

156. Corporate emissions and energy data 2018-19 published by the Clean Energy Regulator; trading names shown rather than disclosing entity.



5. Environment, Social and Governance (continued)

5.6. Community and Partnerships

DBT is located within close proximity to a number of communities around Hay Point, as well as nearby Sarina and Mackay. DBT is committed to constructive engagement with the local community. Community engagement is a key pillar of the Sustainability Strategy, with DBT’s partnerships and connections with the community essential to achieving its sustainability objectives.

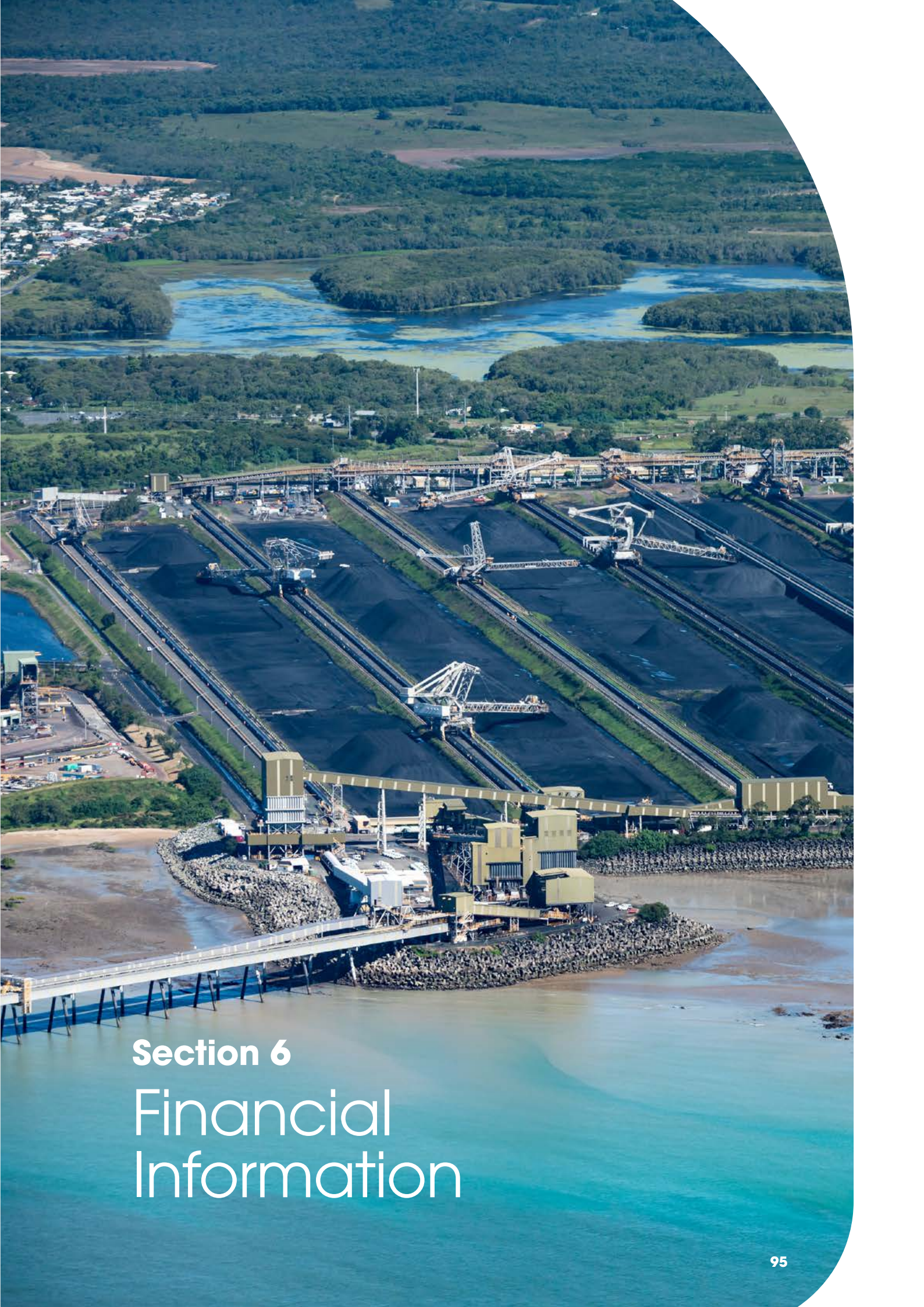
One of DBI and the Operator’s key partnerships is with Mackay-Whitsunday Healthy Rivers to Reef Partnership to support a regional water quality monitoring program. Table 5.3 outlines other key community activities DBT participates in.



Table 5.3: DBT community activities

Community Forums	The DBT Community Working Group provides a forum between DBI, the Operator, state and local government, and community representatives to discuss issues associated with DBT.
Partnerships and Sponsorships	DBI and the Operator contribute over \$500,000 per annum in sponsorships funding to a range of local community initiatives, including disability support and advocacy, indigenous and cultural community events, housing support and assistance, youth and domestic violence programs.





## Section 6

# Financial Information



## 6. Financial Information

### 6.1. Overview

The financial information for DBI contained in Section 6 has been prepared on a consolidated basis, including all its subsidiaries as at Completion of the Restructure and includes:

- Pro forma and statutory historical financial information for the years ended 31 December 2018 (**FY18**) and 31 December 2019 (**FY19**), and for the six months ended 30 June 2019 (**1HY19**) and 30 June 2020 (**1HY20**);
- Pro forma forecast consolidated financial information for the year ended 31 December 2020 (**FY20F**) and for the six months ended 30 June 2021 (**1HY21F**). The FY20F pro forma forecast is comprised of 8 months of actuals and 4 months of forecasts; and
- Statutory forecast consolidated financial information for FY20F and 1HY21F. The FY20F statutory forecast is from 1 December 2020 to 31 December 2020.

**Table 6.1: Overview of DBI Financial Information**

	Statutory Financial Information <sup>157</sup>	Pro Forma Financial Information
Historical	<p>Statutory Historical Financial Information includes the:</p> <ul style="list-style-type: none"> <li>• Statutory historical consolidated statements of profit or loss for FY18, FY19, 1HY19 and 1HY20 (<b>Statutory Historical Results</b>);</li> <li>• Statutory historical consolidated statements of cash flows for FY18, FY19, 1HY19 and 1HY20 (<b>Statutory Historical Cash Flows</b>); and</li> <li>• Statutory historical consolidated statement of financial position as at 30 June 2020 (<b>Statutory Historical Balance Sheet</b>).</li> </ul>	<p>Pro Forma Historical Financial Information includes the:</p> <ul style="list-style-type: none"> <li>• Pro forma historical consolidated statements of profit or loss for FY18, FY19, 1HY19 and 1HY20 (<b>Pro Forma Historical Results</b>);</li> <li>• Pro forma historical consolidated statements of cash flows for FY18, FY19, 1HY19 and 1HY20 (<b>Pro Forma Historical Cash Flows</b>); and</li> <li>• Pro forma historical consolidated statement of financial position as at 30 June 2020 (<b>Pro Forma Historical Balance Sheet</b>).</li> </ul>
Forecast	<p>Statutory Forecast Financial Information<sup>157</sup> includes the:</p> <ul style="list-style-type: none"> <li>• Statutory forecast consolidated statements of profit or loss for FY20F and 1HY21F (<b>Statutory Forecast Results</b>); and</li> <li>• Statutory forecast consolidated statements of cash flows for FY20F and 1HY21F (<b>Statutory Forecast Cash Flow</b>).</li> </ul>	<p>Pro Forma Forecast Financial Information includes the:</p> <ul style="list-style-type: none"> <li>• Pro forma forecast consolidated statements of profit or loss for FY20F and 1HY21F (<b>Pro Forma Forecast Results</b>); and</li> <li>• Pro forma forecast consolidated statements of cash flows for FY20F and 1HY21F (<b>Pro Forma Forecast Cash Flow</b>).</li> </ul>

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the **Historical Financial Information**. The Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are together referred to as the **Forecast Financial Information**. The Historical Financial Information and Forecast Financial Information are together referred to as the **Financial Information**.

This Section 6 also includes:

- a summary of the basis of preparation and presentation of the Financial Information, including the application of relevant new and revised accounting standards had they applied to the Historical Financial Information and the Forecast Financial Information (see Section 6.2);
- the pro forma adjustments to the Statutory Historical Financial Information and the Statutory Forecast Financial Information, and reconciliations to the Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information respectively (see Sections 6.3.3 and 6.4.3);
- information regarding certain non-IFRS financial measures (see Section 6.2.5);
- a summary of key operating and financial metrics (see Section 6.4.4);
- details of DBI's indebtedness and a summary of its funding, including debt facilities, liquidity and capital resources, contractual obligations and commitments and off-balance sheet arrangements (see Section 6.5);
- a description of the key financial and operating drivers affecting the business (see Section 6.6.1) and management discussion and analysis of the Pro Forma Historical Financial Information (see Sections 6.6);

157. Statutory FY20F reflects Financial Information from 1 December 2020 to 31 December 2020.

- the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (see Section 6.7.1) and management discussion and analysis of the Pro Forma Forecast Financial Information (see Section 6.7);
- an analysis of the key sensitivities in respect of the Forecast Financial Information (see Section 6.8); and
- a summary of DBI's proposed distribution policy (see Section 6.11).

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagement involving Corporate Fundraising and/or Prospective Financial Information* by Deloitte Corporate Finance Pty Limited whose Investigating Accountant's Report is contained in Section 10. Investors should note the scope and limitations of that report.

The information in Section 6 should also be read in conjunction with the risk factors set out in Section 7, and other information contained in this Prospectus. In addition, DBI's significant and critical accounting policies are set out in Appendix A. In preparing the Statutory Historical Financial Information and the Statutory Forecast Financial Information, DBI's accounting policies have been applied consistently throughout the periods presented with the exception of AASB 16 Leases which was adopted on 1 January 2019. Adoption of the standard has not materially impacted the measurement of EBITDA or NPAT and as such no pro forma adjustment to the Historical Financial Information has been made.

All amounts disclosed in Section 6 and the Appendices are presented in Australian dollars and, unless otherwise noted, are in millions rounded to the nearest hundred thousand. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

## 6.2. Basis of preparation and presentation of Financial Information

### 6.2.1. Overview

The Financial Information in this Prospectus is intended to present potential investors with financial information to assist them in understanding the underlying financial performance, cash flows and financial position of DBI.

The Statutory Historical Financial Information and the Statutory Forecast Financial Information have been prepared in accordance with the measurement and recognition principles of AAS issued by the AASB, which are consistent with IFRS issued by the IASB and DBI's accounting policies. DBI's significant and critical accounting policies are described in Appendix A.

The Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and have been derived from the Statutory Historical Financial Information and Statutory Forecast Financial Information adjusted for certain transactions and pro forma adjustments as described below. Due to their nature, Pro Forma Historical Financial Information and Pro Forma Forecast Financial Information do not represent the actual or prospective financial performance, cash flows or financial position of DBI.

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

DBI considers its operations as a single business operation and there are no parts of the operations or geographies that qualify as a separate operating segment as defined by AASB 8 Operating Segments.

In addition to the Statutory Financial Information, Section 6.2.5 describes certain non-IFRS financial measures that DBI uses to manage and report on its business that are not defined under or recognised by AAS or IFRS.

### 6.2.2. Accounting for the Restructure

In connection with the Offer, a restructure will occur under which DBI will be superimposed as the holding company of the DBT Entities.

DBI and the Existing Securityholders have entered into conditional call options under which DBI can require that the Existing Securityholders enter into conditional agreements under which DBI will acquire the DBT Entities in exchange for an amount equal to the proceeds of the Offer (net of certain amounts as more fully outlined in Section 11.6.1) once available. The Restructure is scheduled to take effect on or about the date of Completion of the Offer.



## 6. Financial Information (continued)

The substance of the transaction contemplated by the Restructure has been evaluated and will be accounted for as an acquisition of assets as DBI has elected to apply the optional asset concentration test allowed under AASB 3 Business Combinations.

Under this concentration test, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity can conclude that the acquisition is not a business combination.

As an asset acquisition the consideration paid by DBI, comprising an amount equal to the net proceeds of the Offer, will be allocated to the acquired identifiable assets and liabilities on the basis of their relative fair values.

### 6.2.3. Preparation of Historical Financial Information

#### 6.2.3.1. Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from the consolidated Dalrymple Bay Infrastructure Management Pty Ltd financial statements for FY18, FY19, 1HY19 and 1HY20. The consolidated financial statements for FY18 and FY19 were audited by Deloitte Touche Tohmatsu. Audit opinions were issued by Deloitte Touche Tohmatsu in respect of these financial reports and the comparative periods within and were unmodified. The consolidated half year interim financial report for 1HY20 was reviewed by Deloitte Touche Tohmatsu. A review conclusion was issued by Deloitte Touche Tohmatsu in respect of this financial statement and the comparative period and was unmodified.

#### 6.2.3.2. Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared for the sole purpose of inclusion in this Prospectus. The pro forma adjustments in respect of the income statements and cash flows are as described in Section 6.3.3 (reconciliation between the Statutory Historical Results and the Pro Forma Historical Results) and Section 6.4.3 (reconciliation between the Statutory Historical Cash Flows and the Pro Forma Historical Cash Flows) of the Prospectus. In particular, pro forma adjustments have been made to reflect the following as if each had occurred on 1 January 2018:

- Public company costs: an amount that represents DBI's estimate of the incremental annual board, listing and other costs (such as Directors' fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs) and professional fees that it will incur operating as a listed company offset by the removal of the historical annual management fee charged by Brookfield;
- Impact of the Restructure: the acquisition of the DBT Entities not part of the DBIM consolidated statutory financial position;
- Additional amortisation: due to the increase in intangible asset arising from the acquisition of the DBT Entities by DBI being accounted for as an acquisition of assets resulting in consideration paid by DBI being allocated to the acquired identifiable assets and liabilities on the basis of their relative fair values;
- Related party interest income: elimination of intercompany interest income between entities within the new structure;
- Settlement of the intercompany receivable with a Brookfield entity by way of in-specie distribution;
- Impact of the Offer including Share capital raised, issue of the DBI Notes and Transaction Costs;
- Capital structure: interest and financing costs in line with DBI's new capital structure after Completion of the Offer including the repayment of \$170.0m of debt at Completion, and DBI's expected weighted average interest rate over the forecast period;
- Debt Refinancing: refinancing of \$777.3m of debt in September 2020 (funding is expected to occur in December 2020) in the US Private Placement (USPP);
- Remuneration changes: additional staff required as a result of being a listed company as well as incremental remuneration expenses reflecting the incentives agreed with key executives; and
- The outcomes assuming the formation of a new tax consolidated group (TCG).

The Pro Forma Historical Balance Sheet is derived from the Statutory Historical Balance Sheet, and is adjusted to reflect the impact of the Offer (including costs directly attributable to the Offer offset against issued capital and DBI Notes), impact of the Restructure, new capital structure, outcomes assuming formation of a new TCG and other impacts of being a public company.

The Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of DBI's future financial position.

Investors should note the scope and limitations of the Investigating Accountant's Report on the Historical Financial Information (see Section 10).

#### **6.2.4. Preparation of Forecast Financial Information**

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The Forecast Financial Information has been prepared on a consistent basis with the basis of preparation and presentation of the Historical Financial Information.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information adjusted for the effects of the pro forma adjustments outlined in Section 6.2.3.2. These adjustments are made as if they took effect from the beginning of the forecast period.

The Statutory Forecast Results and Pro Forma Forecast Results for FY20F have regard to current trading performance up until the date of lodgement of the Prospectus. The Pro Forma Forecast Financial Information assumes the refinancing and the Offer had occurred prior to the beginning of FY20. The Statutory Forecast Financial Information is from 1 December 2020.

Due to its nature, the Pro forma Forecast Financial Information does not represent DBI's actual or prospective financial performance or cash flows for the final four months of FY20F or 1HY21F.

The Directors believe that the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and potential investors are cautioned to not place undue reliance on the Forecast Financial Information. Investors should note that past results are not a guarantee of future performance.

The Forecast Financial Information has been prepared including the Directors' assessment of present economic and operating conditions and on a number of best estimate general and specific assumptions regarding future events and actions as set out in Section 6.7.1. The Forecast Financial Information is subject to risks and uncertainties, including the risk factors set out in Section 7, including Section 7.1.13. This information is intended to assist potential investors in assessing the reasonableness and likelihood of the assumptions occurring but is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by Deloitte Corporate Finance Pty Limited but has not been audited.

Investors should note the scope and limitations of the Investigating Accountant's Report on the Forecast Financial Information (see Section 10).

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on DBI's actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside of the control of DBI, the Directors and Management and are not reliably predictable. Accordingly, none of the Directors or Management or any other person can give potential investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. The Forecast Financial Information should be read in conjunction with the general and specific assumptions as set out in Section 6.7.1, the sensitivities as set out in Section 6.8, the critical accounting estimates set out in Section 6.12 and Appendix A, the risk factors set out in Section 7 and other information in this Prospectus as a whole.

The Directors have no intention to update or revise the Forecast Financial Information or other forward-looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

## 6. Financial Information (continued)

### 6.2.5. Explanation of certain Non-IFRS metrics

DBI uses certain measures to manage and report on its business that are neither recognised by the AAS nor under IFRS. These measures are collectively referred to as “non-IFRS financial measures” under “Regulatory Guide 230 Disclosing non-IFRS financial information” published by ASIC.

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities, and should be considered as supplements to and not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although DBI believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, potential investors are cautioned not to place undue reliance on any non-IFRS financial measures included in this Prospectus. The principal non-IFRS metrics used in this Prospectus are:

- **EBITDA** means earnings before interest, tax, depreciation and amortisation. EBITDA eliminates the non-cash charges for depreciation and amortisation, and management believes that it is therefore useful to understand the cash generation potential of DBI, however it should not be considered as an alternative to net operating cash flow or funds from operations because it does not reflect actual cash movements in working capital balances and other allowances.
- **EBITDA Margin** means EBITDA divided by ARR. EBITDA Margin is a measure that management uses to evaluate the profitability of the overall business.
- **EBIT** (earnings before interest and tax).
- **Net Working Capital** means receivables and other current assets, less payables, provisions (including lease liabilities) and unearned revenue.
- **Funds from Operations (FFO)** means EBITDA less net interest paid and less any cash tax.
- **FFO Margin** means FFO divided by ARR.
- **Free Cash Flow (FCF)** means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.
- **Net operating cash flow before capital expenditure** means FFO adjusted for changes in Net Working Capital.
- **Net operating cash flow before financing** means FFO adjusted for changes in Net Working Capital, capital expenditure and additions to the Debt Service Reserve Account (**DSRA**).
- **Net cash flow before distributions** means FFO adjusted for changes in Net Working Capital, capital expenditure, additions to DSRA, net movement in borrowings, other (principal payments on leases), Offer proceeds and Transaction Costs.
- **NECAP** means non-expansion capital expenditure comprising capital expenditure projects which ensure the terminal remains in a safe and efficient operating condition, but which do not increase terminal capacity. Under the current regulatory framework, NECAP amounts are added to the RAB after the project is commissioned.<sup>158</sup>

Each of the statutory historical non-IFRS measures used in this Prospectus is reconciled to its nearest analogous IFRS measure within the tables included in this Section 6.

158. DBI expects a similar framework, with NECAP added to the capital asset base, will continue if the transition to a lighter handed regulatory framework occurs from 1 July 2021 (see Section 3.4.1 for further detail).

## 6.3. Pro Forma and Statutory Historical and Forecast Results

### 6.3.1. Pro Forma Historical, Pro Forma Forecast and Statutory Forecasts Results

Table 6.2 summarises DBI's Pro Forma Historical Results for FY18 and FY19, Pro Forma Forecast Results for FY20F and Statutory Forecast Results for FY20F.

Table 6.2: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Results – Full Year

\$m	Note	Pro forma historical		Pro forma forecast	Statutory forecast
		FY18	FY19	FY20F	FY20F <sup>159</sup>
TIC revenue	1	198.8	199.3	200.4	16.8
Handling Charges	2	212.5	243.2	251.2	21.3
Other income		1.5	1.9	1.0	–
<b>Total income</b>		<b>412.8</b>	<b>444.4</b>	<b>452.6</b>	<b>38.1</b>
Handling Charges	2	(212.5)	(243.2)	(251.2)	(21.3)
Other expenses	3	(20.1)	(18.2)	(16.7)	(130.2)
<b>Total operating expenses</b>		<b>(232.6)</b>	<b>(261.4)</b>	<b>(267.9)</b>	<b>(151.5)</b>
<b>EBITDA</b>		<b>180.2</b>	<b>183.0</b>	<b>184.7</b>	<b>(113.4)</b>
Depreciation and amortisation expenses	4	(37.9)	(38.4)	(38.8)	(3.2)
<b>EBIT</b>		<b>142.3</b>	<b>144.6</b>	<b>146.0</b>	<b>(116.6)</b>
Net finance cost	5	(100.7)	(99.3)	(101.4)	(8.0)
<b>Profit Before Tax (PBT)</b>		<b>41.6</b>	<b>45.3</b>	<b>44.6</b>	<b>(124.6)</b>
Income tax expense	6	(17.0)	(18.9)	(17.9)	9.1
<b>Net Profit</b>		<b>24.6</b>	<b>26.4</b>	<b>26.7</b>	<b>(115.5)</b>

Notes:

1. **TIC revenue** equals the ARR over the reporting period. The TIC is a single tariff that is paid by all Users for each contracted tonne at DBT and is calculated by dividing the ARR by the contracted tonnage.
2. **Handling Charges** reflects the terminal O&M costs and are fully recovered from the Users under the terms of the Access Agreements.
3. **Other expenses** reflects employee expenses, occupancy expenses, Directors' and Officers' insurance premiums, annual management fee charged by Brookfield prior to Completion, public company costs and other administration expenses. The forecast Transaction Costs of \$128.6m in relation to this Prospectus have been apportioned between equity, DBI Notes and profit and loss with \$125.2m expensed in the statutory forecast for FY20F.
4. **Depreciation and amortisation expenses** reflects amortisation associated with the concession arrangement intangible asset.
5. **Net finance cost** reflects interest on borrowings, amortisation of loan establishment costs, borrowing costs, the impact of the derivatives used to hedge the cash flows on borrowings and the implied interest on the DBI Notes.
6. **Income tax expense** reflects 30% of profit before tax adjusted for non-temporary differences such as amortisation.

159. Statutory FY20F reflects results from 1 December 2020 to 31 December 2020.



## 6. Financial Information (continued)

Table 6.3 summarises DBI's Pro Forma Historical Results for 1HY19 and 1HY20, Pro Forma Forecast Results for 1HY21F and Statutory Forecast Results for 1HY21F.

**Table 6.3: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Results – Half Year**

\$m	Note	Pro forma historical		Pro forma forecast	Statutory forecast
		1HY19	1HY20	1HY21F	1HY21F
TIC revenue	1	99.8	99.5	100.9	100.9
Handling Charges	2	113.7	121.9	129.3	129.3
Other income		1.9	1.0	–	–
<b>Total income</b>		<b>215.4</b>	<b>222.4</b>	<b>230.2</b>	<b>230.2</b>
Handling Charges	2	(113.7)	(121.9)	(129.3)	(129.3)
Other expenses	3	(9.6)	(7.7)	(8.4)	(8.4)
<b>Total operating expenses</b>		<b>(123.3)</b>	<b>(129.6)</b>	<b>(137.7)</b>	<b>(137.7)</b>
<b>EBITDA</b>		<b>92.1</b>	<b>92.8</b>	<b>92.5</b>	<b>92.5</b>
Depreciation and amortisation expenses	4	(19.0)	(19.3)	(19.4)	(19.4)
<b>EBIT</b>		<b>73.1</b>	<b>73.5</b>	<b>73.1</b>	<b>73.1</b>
Net finance cost	5	(47.8)	(50.1)	(49.4)	(49.4)
<b>PBT</b>		<b>25.3</b>	<b>23.4</b>	<b>23.7</b>	<b>23.7</b>
Income tax expense	6	(9.3)	(9.3)	(9.4)	(9.4)
<b>Net Profit</b>		<b>16.0</b>	<b>14.1</b>	<b>14.3</b>	<b>14.3</b>

Notes:

1. **TIC revenue** equals the ARR over the reporting period. The TIC is a single tariff that is paid by all Users for each contracted tonne at DBT and is calculated by dividing the ARR by the contracted tonnage.
2. **Handling Charges** reflects the terminal O&M costs and are fully recovered from the Users under the terms of the Access Agreements.
3. **Other expenses** reflects employee expenses, occupancy expenses, Directors' and Officers' insurance premiums, annual management fee charged by Brookfield prior to Completion, public company costs and other administration expenses.
4. **Depreciation and amortisation expenses** reflects amortisation associated with the concession arrangement intangible asset.
5. **Net finance cost** reflects interest on borrowings, amortisation of loan establishment costs, borrowing costs, the impact of the derivatives used to hedge the cash flows on borrowings and the implied interest on the DBI Notes.
6. **Income tax expense** reflects 30% of profit before tax adjusted for non-temporary differences such as amortisation.

### 6.3.2. Statutory Historical Results

Table 6.4 summarises DBI's Statutory Historical Results for FY18, FY19, 1HY19 and 1HY20.

Table 6.4: Statutory Historical Results

\$m	Note	Statutory historical		Statutory historical	
		FY18	FY19	1HY19	1HY20
TIC revenue	1	198.8	199.3	99.8	99.5
Handling Charges	2	212.5	243.2	113.7	121.9
Other income		0.5	0.0	0.0	–
<b>Total income</b>		<b>411.8</b>	<b>442.5</b>	<b>213.5</b>	<b>221.4</b>
Handling Charges	2	(212.5)	(243.2)	(113.7)	(121.9)
Other expenses	3	(10.2)	(9.8)	(5.5)	(4.0)
<b>Total operating expenses</b>		<b>(222.7)</b>	<b>(252.9)</b>	<b>(119.2)</b>	<b>(125.9)</b>
<b>EBITDA</b>		<b>189.1</b>	<b>189.5</b>	<b>94.3</b>	<b>95.5</b>
Depreciation and amortisation expenses	4	(24.9)	(25.3)	(12.5)	(12.7)
<b>EBIT</b>		<b>164.3</b>	<b>164.2</b>	<b>81.9</b>	<b>82.8</b>
Net finance cost	5	(72.2)	(69.5)	(33.1)	(34.3)
Interest income from related party loan		23.3	22.5	12.5	8.7
<b>PBT</b>		<b>115.4</b>	<b>117.2</b>	<b>61.3</b>	<b>57.2</b>
Income tax expense	6	(20.9)	(21.4)	(11.7)	(10.6)
<b>Net Profit</b>		<b>94.4</b>	<b>95.8</b>	<b>49.6</b>	<b>46.7</b>

Notes:

1. **TIC revenue** equals the ARR over the reporting period. The TIC is a single tariff that is paid by all Users for each contracted tonne at DBT and is calculated by dividing the ARR by the contracted tonnage.
2. **Handling Charges** reflects the terminal O&M costs and are fully recovered from the Users under the terms of the Access Agreements.
3. **Other expenses** reflects employee expenses, occupancy expenses, annual management fee charged by Brookfield prior to Completion and other administration expenses.
4. **Depreciation and amortisation expenses** reflects amortisation associated with the concession arrangement intangible asset.
5. **Net finance cost** reflects interest on borrowings, amortisation of loan establishment costs, other borrowing costs and the impact of the derivatives used to hedge the cash flows on borrowings.
6. **Income tax expense** reflects 30% of profit before tax adjusted for non-assessable trust income being subject to tax in the hands of the unitholder.

## 6. Financial Information (continued)

### 6.3.3. Pro Forma adjustments to the Statutory Historical and Forecast Results

Table 6.5 and Table 6.6 set out the pro forma adjustments that have been made to EBITDA and NPAT in the historical and forecast periods.

Table 6.5: Pro Forma adjustments to the Statutory Historical and Forecast Results – Full Year

\$m	Note	Pro forma historical		Pro forma forecast
		FY18	FY19	FY20F
<b>Statutory EBITDA</b>		<b>189.1</b>	<b>189.5</b>	<b>(113.4)</b>
Pre-Completion results	1	–	–	175.1
Impact of the Restructure	2	(1.3)	0.8	0.7
Transaction costs	3	–	–	125.2
Public company costs	4	(4.7)	(4.7)	(4.3)
Remuneration changes	5	(2.9)	(2.6)	1.4
<b>Pro forma EBITDA</b>		<b>180.2</b>	<b>183.0</b>	<b>184.7</b>
<b>Statutory Net Profit</b>		<b>94.4</b>	<b>95.8</b>	<b>(115.5)</b>
Pre-Completion results	1	–	–	92.8
Impact of the Restructure	2	(1.3)	0.8	0.7
Transaction costs	3	–	–	125.2
Public company costs	4	(4.7)	(4.7)	(4.3)
Remuneration changes	5	(2.9)	(2.6)	1.4
Additional amortisation	6	(13.1)	(13.1)	(12.0)
Capital structure changes	7	(28.5)	(29.8)	(29.4)
Related party interest income	8	(23.3)	(22.5)	(17.4)
Tax adjustment	9	3.9	2.5	(14.8)
<b>Pro forma Net Profit</b>		<b>24.6</b>	<b>26.4</b>	<b>26.7</b>

Notes:

- Pre-Completion results** reflects the results of the DBT Entities from 1 January 2020 to 30 November 2020 which will not be included in the FY20F statutory results.
- Impact of the Restructure** reflects the results of the DBT Entities not included in Dalrymple Bay Infrastructure Management Pty Ltd statutory consolidated results.
- Transaction Costs** reflects Offer costs and other transaction costs. Costs in relation to the Offer include the Joint Lead Managers' and cornerstone fees, legal and accounting due diligence fees, tax and structuring advice and associated consultancy services in relation to the Offer. Other transaction costs reflects an estimated stamp duty claw back amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases. The forecast Transaction Costs of \$128.6m in relation to this Prospectus have been apportioned between equity, DBI Notes and profit and loss with \$125.2m expensed in the statutory forecast for FY20F.
- Public company costs** reflects the estimate of additional annual costs associated with being an ASX listed entity. These costs include Directors' fees, ASX listing fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs and other public company costs offset by the annual management fee charged by Brookfield prior to Completion. The Statutory Forecast Results includes public company costs from date of Completion of the Offer.
- Remuneration changes** reflects the additional staff and incremental remuneration arrangements that will be in place from Completion of the Offer being applied to the historical periods. The Statutory Forecast Results also include settlement of the legacy DBIM incentive scheme and bonuses payable on IPO.
- Additional amortisation** reflects the additional amortisation due to the increase in the intangible asset whereby the Restructure is accounted for as an acquisition of assets.
- Capital structure changes** reflects the increase in financing costs arising from the refinancing of \$777.3m of debt scheduled to occur in December 2020 at higher interest rates, together with the imputed interest on the DBI Notes, offset by the reduction of net debt by \$170.0m shortly after Completion.
- Related party interest income** reflects elimination of intercompany interest income between entities within the new structure.
- Tax adjustment** reflects the net tax expense adjustment arising from the Transaction for accounting purposes.

Table 6.6: Pro Forma adjustments to the Statutory Historical and Forecast Results – Half Year

\$m	Note	Pro forma historical		Pro forma forecast
		1HY19	1HY20	1HY21F
<b>Statutory EBITDA</b>		<b>94.3</b>	<b>95.5</b>	<b>92.5</b>
Impact of the Restructure	1	1.5	0.7	–
Public company costs	2	(2.4)	(2.4)	–
Remuneration changes	3	(1.3)	(1.1)	–
<b>Pro forma EBITDA</b>		<b>92.1</b>	<b>92.8</b>	<b>92.5</b>
<b>Statutory NPAT</b>		<b>49.6</b>	<b>46.7</b>	<b>14.3</b>
Impact of the Restructure	1	1.5	0.7	–
Public company costs	2	(2.4)	(2.4)	–
Remuneration changes	3	(1.3)	(1.1)	–
Additional amortisation	4	(6.5)	(6.5)	–
Capital structure changes	5	(14.8)	(15.8)	–
Related party interest income	6	(12.5)	(8.7)	–
Tax adjustment	7	2.5	1.3	–
<b>Pro forma NPAT</b>		<b>16.0</b>	<b>14.1</b>	<b>14.3</b>

Notes:

1. **Impact of the Restructure** reflects the results of the DBT Entities not included in Dalrymple Bay Infrastructure Management Pty Ltd statutory consolidated results.
2. **Public company costs** reflects the estimate of additional annual costs associated with being an ASX listed entity. These costs include Directors' fees, ASX listing fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs and other public company costs offset by the annual management fee charged by Brookfield prior to Completion. The Statutory Forecast Results includes public company costs from the date of Completion of the Offer.
3. **Remuneration changes** reflects the additional staff and incremental remuneration arrangements that will be in place from Completion of the Offer being applied to the historical periods. The Statutory Forecast Results also include settlement of the legacy DBIM incentive scheme and bonuses payable on IPO.
4. **Additional amortisation** reflects the additional amortisation due to the increase in the intangible asset whereby the Restructure is accounted for as an acquisition of assets.
5. **Capital structure changes** reflects the increase in financing costs arising from the refinancing of \$777.3m of debt scheduled to occur in December 2020 at higher interest rates, together with the imputed interest on the DBI Notes, offset by the reduction of net debt by \$170.0m shortly after Completion.
6. **Related party interest income** reflects the removal of intercompany interest income that will not be earned under the new structure. The intercompany receivable will be settled prior to Completion.
7. **Tax adjustment** reflects the net tax expense adjustment arising from the Transaction for accounting purposes.



## 6. Financial Information (continued)

### 6.4. Pro Forma and Statutory Historical and Forecast Cash Flows

#### 6.4.1. Pro Forma Historical, Pro Forma Forecast and Statutory Forecasts Cash Flows

Table 6.7 summarises DBI's Pro Forma Historical Cash Flows for FY18 and FY19, Pro Forma Forecast Cash Flows for FY20F and Statutory Forecast Cash Flows for FY20F.

Table 6.7: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Cash Flows – Full Year

\$m	Note	Pro forma historical		Pro forma forecast	Statutory forecast
		FY18	FY19	FY20F	FY20F <sup>160</sup>
<b>EBITDA</b>		<b>180.2</b>	<b>183.0</b>	<b>184.7</b>	<b>(113.4)</b>
Net interest	1	(85.5)	(85.7)	(86.4)	(18.5)
Cash tax paid	2	–	–	–	–
<b>FFO</b>		<b>94.7</b>	<b>97.4</b>	<b>98.3</b>	<b>(131.9)</b>
Changes in working capital	3	(7.5)	8.5	(10.8)	–
<b>Net operating cash flow before capital expenditure</b>		<b>87.2</b>	<b>105.9</b>	<b>87.5</b>	<b>(131.9)</b>
Capital expenditure	4	(31.1)	(33.7)	(43.5)	(3.0)
Additions to DSRA	5	(0.0)	(1.0)	(0.0)	–
<b>Net operating cash flow before financing</b>		<b>56.0</b>	<b>71.2</b>	<b>44.0</b>	<b>(134.9)</b>
Net movement in borrowings	6	29.1	32.7	23.5	(174.2)
Other	7	–	(0.3)	–	–
Offer proceeds	8				298.6
Transaction costs	9				(3.4)
<b>Net cash flow before distributions</b>		<b>85.2</b>	<b>103.5</b>	<b>67.5</b>	<b>(13.9)</b>

Notes:

1. **Net interest** reflects interest expense paid on external drawn debt facilities offset by interest income received.
2. **Cash tax paid** reflects taxes paid in cash and net of tax refunds received.
3. **Changes in working capital** reflects movements in working capital balances, primarily accounting for the timing difference between EBITDA and cash flows.
4. **Capital expenditure** reflects capital expenditure relating to NECAP works and 8X Expansion FEL studies.
5. **Additions to DSRA** reflects incremental contributions to restricted cash account, which represents 6 months debt service.
6. **Net movement in borrowings** reflects net draw down/repayment of debt facilities.
7. **Other** reflects the principal payments on leases (car, IT and office).
8. **Offer proceeds** reflects gross proceeds from the Offer, a portion of which will be used to pay the Transaction Costs and repay debt.
9. **Transaction Costs** reflects costs incurred in respect of the Offer that are offset against equity and DBI Notes on the balance sheet (\$3.4m cash impact). The remaining Transaction Costs of \$125.2m are reflected in the Statutory Forecast Income Statement in FY20F.

160. Statutory FY20F reflects cash flows from 1 December 2020 to 31 December 2020.

Table 6.8 summarises DBI's Pro Forma Historical Cash Flows for 1HY19 and 1HY20, Pro Forma Forecast Cash Flows for 1HY21F and Statutory Forecast Cash Flows for 1HY21F.

**Table 6.8: Pro Forma Historical, Pro Forma Forecast and Statutory Forecast Cash Flows – Half Year**

\$m	Note	Pro forma historical		Pro forma forecast	Statutory forecast
		1HY19	1HY20	1HY21F	1HY21F
<b>EBITDA</b>		<b>92.1</b>	<b>92.8</b>	<b>92.5</b>	<b>92.5</b>
Net interest	1	(44.0)	(42.9)	(41.1)	(41.1)
Cash tax paid	2	–	–	–	–
<b>FFO</b>		<b>48.2</b>	<b>49.9</b>	<b>51.4</b>	<b>51.4</b>
Changes in working capital	3	12.0	9.7	9.7	9.7
<b>Net operating cash flow before capital expenditure</b>		<b>60.1</b>	<b>59.7</b>	<b>61.1</b>	<b>61.1</b>
Capital expenditure	4	(15.0)	(13.8)	(43.5)	(43.5)
Additions to DSRA	5	(1.0)	(0.0)	–	–
<b>Net operating cash flow before financing</b>		<b>44.1</b>	<b>45.8</b>	<b>17.6</b>	<b>17.6</b>
Net movement in borrowings	6	4.0	1.3	38.5	38.5
Other	7	–	(0.2)	(0.1)	(0.1)
Offer proceeds					
Transaction costs					
<b>Net cash flow before distributions</b>		<b>48.1</b>	<b>47.0</b>	<b>56.0</b>	<b>56.0</b>

Notes:

1. **Net interest** reflects interest expense paid on external drawn debt facilities offset by interest income received.
2. **Cash tax paid** reflects taxes paid in cash and net of tax refunds received.
3. **Changes in working capital** reflects movements in working capital balances, primarily accounting for the timing difference between EBITDA and cash flows.
4. **Capital expenditure** reflects capital expenditure relating to NECAP and 8X Expansion FEL studies.
5. **Additions to DSRA** reflects incremental contributions to restricted cash account, which represents 6 months debt service.
6. **Net movement in borrowings** reflects net draw down/repayment of debt facilities.
7. **Other** reflects the principal payments on leases (car, IT and office).

## 6. Financial Information (continued)

### 6.4.2. Statutory Historical Cash Flows

Table 6.9 summarises DBI's Statutory Historical Cash Flows for FY18, FY19, 1HY19 and 1HY20.

Table 6.9: Statutory Historical Cash Flows

\$m	Note	Statutory historical		Statutory historical	
		FY18	FY19	1HY19	1HY20
<b>EBITDA</b>		<b>189.1</b>	<b>189.5</b>	<b>94.3</b>	<b>95.5</b>
Net interest	1	(68.8)	(68.3)	(35.3)	(33.4)
Cash tax paid	2	–	–	–	–
<b>FFO</b>		<b>120.3</b>	<b>121.2</b>	<b>59.1</b>	<b>62.1</b>
Changes in working capital	3	(6.4)	10.4	13.9	10.7
<b>Net operating cash flow before capital expenditure</b>		<b>113.9</b>	<b>131.6</b>	<b>73.0</b>	<b>72.8</b>
Capital expenditure	4	(28.7)	(31.9)	(14.2)	(13.2)
Additions to DSRA	5	(0.0)	(1.0)	(1.0)	(0.0)
<b>Net operating cash flow before financing</b>		<b>85.2</b>	<b>98.7</b>	<b>57.8</b>	<b>59.6</b>
Net movement in borrowings	6	29.1	32.7	4.0	1.3
Other	7	–	(0.3)	–	(0.2)
Offer proceeds					
Transaction costs					
<b>Net cash flow before distributions</b>		<b>114.4</b>	<b>131.1</b>	<b>61.8</b>	<b>60.8</b>

Notes:

1. **Net interest** reflects interest expense paid on external drawn debt facilities offset by interest income received.
2. **Cash tax paid** reflects taxes paid in cash and net of tax refunds received.
3. **Changes in working capital** reflects movements in working capital balances, primarily accounting for the timing difference between EBITDA and cash flows.
4. **Capital expenditure** reflects capital expenditure relating to NECAP and 8X Expansion FEL studies.
5. **Additions to DSRA** reflects incremental contributions to restricted cash account, which represents 6 months debt service.
6. **Net movement in borrowings** reflects net draw down/repayment of debt facilities.
7. **Other** reflects the principal payments on leases (car, IT and office).

### 6.4.3. Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows

Table 6.10 and Table 6.11 set out the pro forma adjustments that have been made to DBI's Historical and Forecast Statutory Cash Flows before corporate financing activities and taxation.

**Table 6.10: Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows – Full Year**

\$m	Note	Pro forma historical		Pro forma forecast
		FY18	FY19	FY20F
<b>Statutory net cash flow before distributions</b>		<b>114.4</b>	<b>131.1</b>	<b>(13.9)</b>
Impact of the Restructure	1	(2.5)	(1.1)	(0.3)
Public company costs	2	(4.7)	(4.7)	(4.3)
Remuneration changes	3	(5.4)	(4.4)	1.4
Capital structure changes	4	(16.6)	(17.4)	(18.4)
Pre-Completion cash flow	5			103.0
Net borrowings movement	6			170.0
Offer proceeds	7			(298.6)
Transaction costs	8			128.6
<b>Pro forma net cash flow before distributions</b>		<b>85.2</b>	<b>103.5</b>	<b>67.5</b>

**Table 6.11: Pro Forma adjustments to the Statutory Historical and Forecast Cash Flows – Half Year**

\$m	Note	Pro forma historical		Pro forma forecast
		1HY19	1HY20	1HY21F
<b>Statutory net cash flow before distributions</b>		<b>61.8</b>	<b>60.8</b>	<b>56.0</b>
Impact of the Restructure	1	(0.4)	(0.3)	–
Public company costs	2	(2.4)	(2.4)	–
Remuneration changes	3	(2.1)	(1.7)	–
Capital structure changes	4	(8.7)	(9.4)	–
<b>Pro forma net cash flow before distributions</b>		<b>48.1</b>	<b>47.0</b>	<b>56.0</b>

Notes:

- Impact of the Restructure** reflects the cash flows of the DBT Entities not included in Dalrymple Bay Infrastructure Management Pty Ltd statutory consolidated results.
- Public company costs** reflects the estimate of additional annual costs associated with being an ASX listed entity. These costs include Directors' fees, ASX listing fees, share registry costs, Directors' and Officers' insurance premiums, Annual Report costs and other public company costs offset by the annual management fee charged by Brookfield prior to Completion. The Statutory Forecast Results includes these costs from the date of Completion of the Offer.
- Remuneration changes** reflects the additional staff and incremental remuneration arrangements that will be in place from Completion of the Offer being applied to the historical periods. The Statutory Forecast Results also include settlement of the legacy DBI incentive scheme and bonuses payable on IPO.
- Capital structure changes** reflects the increase in financing costs arising from the refinancing of \$777.3m of debt in September 2020 (funding scheduled to occur in December 2020) at higher interest rates offset by the reduction of net debt by \$170.0m shortly after Completion.
- Pre-Completion cash flow** reflects the cash flows of the DBT Entities from 1 January 2020 to 30 November 2020 which will not be included in the FY20F statutory cash flows.
- Net borrowings movement** reflects the repayment of \$170.0m of debt.
- Offer proceeds** reflects the cash raised from the Offer which will be used to repay debt and pay the Transaction Costs.
- Transaction Costs** reflects Offer costs and other transaction costs. Costs in relation to the Offer include the Joint Lead Managers' and cornerstone fees, legal and accounting due diligence fees, tax and structuring advice and associated consultancy services in relation to the Offer. Other transaction costs reflects an estimated stamp duty clawback amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases. The forecast Transaction Costs of \$128.6m in relation to this Prospectus have been apportioned between equity, DBI Notes and profit and loss with \$125.2m expensed in the statutory forecast for FY20F.



## 6. Financial Information (continued)

### 6.4.4. Key operating and financial metrics

Table 6.12 and Table 6.13 summarise DBI's key operating and financial metrics.

Table 6.12: Key operating and financial metrics – Full Year

	Unit	Pro forma historical	Pro forma forecast
		FY19	FY20F
Operating metrics			
TIC revenue growth	%	0.2%	0.6%
EBITDA growth	%	1.6%	0.9%
FFO growth	%	2.8%	1.0%
Financial metrics			
EBITDA Margin	%	91.8%	92.2%
FFO Margin	%	48.8%	49.1%

Table 6.13: Key operating and financial metrics – Half Year

	Unit	Pro forma historical	Pro forma forecast
		1HY20	1HY21F
Operating metrics			
TIC revenue growth	%	(0.3)%	1.4%
EBITDA growth	%	0.7%	(0.2)%
FFO growth	%	3.6%	3.0%
Financial metrics			
EBITDA Margin	%	93.2%	91.7%
FFO Margin	%	50.1%	50.9%

## 6.5. Balance Sheet Information

### 6.5.1. Pro Forma and Statutory Historical Balance Sheet

Table 6.14 sets out a summary of the Statutory Historical Balance Sheet as at 30 June 2020, adjusted for certain pro forma items to take into account the Completion of the Offer including proceeds raised and costs incurred, accounting for the impact of the Restructure and settlement of an intercompany receivable from a Brookfield entity, changes to the capital structure and the tax impacts of the these adjustments as set out below.

Table 6.14: Pro Forma and Statutory Historical Balance Sheet as at 30 June 2020

\$m	Notes	Statutory	Impact of Restructure <sup>1</sup>	Settlement of loans <sup>2</sup>	Offer proceeds and acquisition of assets <sup>3</sup>	Debt repayment <sup>4</sup>	Transaction costs <sup>5</sup>	Debt refinancing <sup>6</sup>	Pro forma
<b>Current assets</b>									
Cash and cash equivalents		29.3	0.3	–	298.6	(170.0)	(128.6)	–	29.6
Trade and other receivables		41.7	(0.1)	–	–	–	–	–	41.6
Prepayments		0.8	–	–	–	–	–	–	0.8
<b>Total current assets</b>		<b>71.7</b>	<b>0.2</b>	<b>–</b>	<b>298.6</b>	<b>(170.0)</b>	<b>(128.6)</b>	<b>–</b>	<b>71.9</b>
<b>Non-current assets</b>									
Other financial assets		369.3	–	–	–	–	–	–	369.3
Loans to related parties	2	661.2	13.5	(674.7)	–	–	–	–	–
Intangible assets	3, 7	2,068.3	14.0	–	859.5	–	–	–	2,941.8
Other non-current assets		2.2	–	–	–	–	–	–	2.2
<b>Total non-current assets</b>		<b>3,100.9</b>	<b>27.5</b>	<b>(674.7)</b>	<b>859.5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,313.3</b>
<b>Total assets</b>		<b>3,172.6</b>	<b>27.8</b>	<b>(674.7)</b>	<b>1,158.2</b>	<b>(170.0)</b>	<b>(128.6)</b>	<b>–</b>	<b>3,385.3</b>
<b>Current liabilities</b>									
Trade and other payables		54.2	0.1	–	–	–	–	–	54.3
Borrowings	8	591.0	–	–	–	–	–	(580.0)	11.0
Other financial liabilities		28.5	–	–	–	–	–	–	28.5
Other current liabilities		1.7	–	–	–	–	–	–	1.7
<b>Total current liabilities</b>		<b>675.4</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(580.0)</b>	<b>95.5</b>
<b>Non-current liabilities</b>									
Trade and other payables		1.4	–	–	–	–	–	–	1.4
Borrowings	8	1,721.3	–	–	–	(170.0)	–	580.0	2,131.3
DBI Notes	9	–	–	–	252.9	–	(0.7)	–	252.1
Other financial liabilities		46.6	–	(46.6)	–	–	–	–	–
Deferred tax liabilities		275.2	1.0	–	(232.0)	–	(10.7)	–	33.4
<b>Total non-current liabilities</b>		<b>2,044.5</b>	<b>1.0</b>	<b>(46.6)</b>	<b>20.8</b>	<b>(170.0)</b>	<b>(11.4)</b>	<b>580.0</b>	<b>2,418.3</b>
<b>Total liabilities</b>		<b>2,719.8</b>	<b>1.1</b>	<b>(46.6)</b>	<b>20.8</b>	<b>(170.0)</b>	<b>(11.4)</b>	<b>–</b>	<b>2,513.8</b>
<b>Net assets</b>		<b>452.8</b>	<b>26.7</b>	<b>(628.1)</b>	<b>1,137.3</b>	<b>–</b>	<b>(117.2)</b>	<b>–</b>	<b>871.5</b>
<b>Equity</b>									
Issued capital		146.3	734.7	–	107.7	–	(1.6)	–	987.1
Reserves	10	(21.2)	(304.7)	294.8	31.1	–	–	–	–
Retained earnings		327.7	(403.3)	(922.9)	998.5	–	(115.6)	–	(115.6)
<b>Total equity</b>		<b>452.8</b>	<b>26.7</b>	<b>(628.1)</b>	<b>1,137.3</b>	<b>–</b>	<b>(117.2)</b>	<b>–</b>	<b>871.5</b>

## 6. Financial Information (continued)

Notes:

1. **Impact of the Restructure** reflects the DBT Entities not part of the DBIM consolidated statutory financial position.
2. **Settlement of loans** reflects the intercompany receivable from a Brookfield entity that will be settled by way of an in-specie distribution and settlement of intercompany payable on exit from the Brookfield TCG.
3. **Offer Proceeds and acquisition of assets:** Net Offer proceeds of \$298.6m represents \$655.7m of proceeds generated by the Offer offset by \$357.1m which will be paid to the Existing Securityholders as part of the Restructure. The Offer proceeds (after deducting expected Transaction Costs and a further \$170 million, reflecting the reduction in net debt discussed below, as explained in Section 11.6.1) will effectively be used to acquire the assets of the DBT Entities with the consideration allocated to the acquired identifiable assets and liabilities on the basis of their relative fair values.
4. **Debt repayment:** the Net Offer proceeds will be partly used to repay debt of \$170.0m to align with DBI's target gearing of 75%. Gearing is calculated as Net Debt/asset base.
5. **Transaction Costs:** Offer costs and other transaction costs. Costs in relation to the Offer include the Joint Lead Managers' and cornerstone fees, legal and accounting due diligence fees, tax and structuring advice and associated consultancy services in relation to the Offer. Other transaction costs reflects an estimated stamp duty claw back amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases. The forecast Transaction Costs of \$128.6m in relation to this Prospectus have been apportioned between equity, DBI Notes and profit and loss with \$115.6m (tax effected) being expensed in the statutory forecast for FY20F and the remainder of \$2.4m (tax effected) being offset against issued capital and DBI Notes on the balance sheet.
6. **Debt refinancing:** refinancing of \$777.3m of debt with notes issued in the USPP market scheduled to occur in December 2020. The \$777.3m refinancing and \$2.7m top-up from a non-current bank facility will replace \$580.0m of current debt that was due for repayment in 1HY21 and \$200m of debt that was due for repayment in December 2022. This adjustment is to reflect the reclassification of \$580.0m of borrowings from current to non-current.
7. **Intangible assets** reflects the intangible asset associated with accounting for the terminal lease under IFRIC12. Intangible assets include the leasehold right, leasehold improvements, and the assets associated with expansion and maintenance of the terminal.
8. **Borrowings** reflects various external debt facilities as discussed in Section 6.5.2.
9. **DBI Notes** reflects non-interest bearing unsecured loan notes issued by DBI under the Note Trust Deed and stapled to the issued Shares of DBI.
10. **Reserves** reflects the fair value of the effective portion of the financial instruments that are cash flow hedges.

### 6.5.2. Indebtedness

Table 6.15 sets out the statutory and pro forma indebtedness of DBI as at 30 June 2020. The pro forma indebtedness has been adjusted for the repayment of \$170m of debt from the Net Offer proceeds and the refinance of existing debt with notes issued in the USPP market. Table 6.15 also sets out the expected pro forma indebtedness of DBI at Completion of the Offer.

DBI's capital structure comprises bank debt combined with fixed and floating rate bonds. DBI has maintained access to debt markets and considers that it remains supported by its group of existing lenders, which includes major domestic and international banks and other institutions. As at 30 June 2020, pro forma total borrowings were \$1,823.6m, reflecting reported gross debt less the fair value adjustment made as a result of hedges classified as fair value hedges.

Table 6.15: Summary indebtedness

\$m	Note	Statutory 30 June 2020	Pro forma 30 June 2020
<b>Short term debt</b>			
Existing bank facilities		361.0	11.0
Existing note facilities		230.0	–
<b>Long term debt</b>			
Existing bank debt facilities		466.0	298.7
Existing note facilities		1,260.5	1,837.8
<b>Total borrowings</b>	1	<b>2,317.5</b>	<b>2,147.5</b>
Less: FV adjustments		(323.9)	(323.9)
<b>Total borrowings less FV adjustments</b>		<b>1,993.6</b>	<b>1,823.6</b>
Restricted cash	2	36.0	36.0
Unrestricted cash	3	29.3	29.3
<b>Total net debt</b>		<b>1,928.3</b>	<b>1,758.3</b>

Notes:

1. Total borrowings excludes \$5.2m of loan establishment costs.
2. **Restricted cash** reflects the DSRA, which represents 6 months debt service.
3. **Unrestricted cash** reflects cash held by the DBT Entities.

Certain Group members priced A\$777.3m<sup>161</sup> of instruments in the USPP market in September 2020 (funding is expected to occur in December 2020) which will be used to refinance \$580.0m of debt due to mature in 1HY21, together with a further \$200m of debt due to mature in 2HY22 (using \$2.7m top-up from a non-current bank facility). The re-financing has increased certain Group members' weighted average interest cost from 3.09% to 4.51%. The re-financing also increased certain Group members' weighted average tenor from 2.64 years to 6.54 years. Settlement of the USPP issuance is expected to occur on 2 December 2020. Please see Section 11.7.10.

If DBI transitions to 'lighter handed regulation' or ceases to be a 'declared service' for the purpose of the QCA Act, it will trigger a re-negotiation of certain debt covenants in DBI's finance arrangements that were previously tied to elements of the regulatory regime. The transition to 'lighter handed regulation' will require certain Group members to renegotiate with the security trustee acting on behalf of beneficiaries to agree new financial covenants no more restrictive to those Group members than the existing financial covenants that existed at the date the relevant documents were entered into. In the event of ceasing to be regulated, negotiations with financiers to amend certain of the finance arrangements will be required.

Dalrymple Bay Finance Pty Limited's (**Dalrymple Bay Finance**) treasury policy requires that at least 75% of core debt is hedged to align with the regulatory regime. Further, DBI's currency exposure on the USD-denominated USPP notes is 100% hedged under cross currency interest rate swaps which have the effect of hedging currency exposure on the debt principal, and converting the fixed USD interest rates to the equivalent AUD floating rate. These swaps are hedged for the life of the foreign currency borrowings, removing sensitivity to FX movements.

As at 30 June 2020, DBI had \$562m hedged value of foreign currency borrowings (carrying value of \$885m), a total derivative asset position of \$333m. AUD Floating to AUD fixed swaps represent a portfolio hedge (placed at the start of the 2017 Access Undertaking) have a notional value of \$1,600m. Drawn debt was approximately 80% hedged via interest rate swaps.

Historically, at the time regulatory rates of return are set by the QCA, Dalrymple Bay Finance executes interest rate swaps to align the cost of debt provided under the QCA allowance and DBI's actual interest cost over the regulatory period to allow the risk-free rate component of the cost of debt allowance, as provided under the QCA allowance, and DBI's actual hedge rates to be matched.

### 6.5.3. Liquidity and capital resources

DBI retains a \$60m liquidity facility to meet ongoing working capital requirements and for general corporate purposes.

DBI retains a DSRA as a requirement under DBI's Deed of Common Provisions (**DOCP**). This is funded to an amount equal to the next six months of debt service.

### 6.5.4. Contractual obligations and commitments

As at 30 June 2020, DBI had the following contractual obligations and commitments (other than borrowings). These amounts do not reflect all planned spending under the various categories but rather that portion of spending to which DBI was contractually committed as at 30 June 2020.

Table 6.16: Contractual obligations and commitments as at 30 June 2020

\$m	Total	Less than 1 year	Between 1 to 5 years	Over 5 years
Operating lease commitments	–	–	–	–
Capital expenditure commitments	26.7	25.2	1.6	–
<b>Total</b>	<b>26.7</b>	<b>25.2</b>	<b>1.6</b>	<b>–</b>

161. The USPP Issue, which comprised a combination of USD and AUD denominated fixed rate notes, will be swapped back to AUD float-rate using CCIRS and IRS derivatives.



## 6. Financial Information (continued)

### 6.5.5. Off-balance sheet arrangements

The Directors have determined there is a contingent liability in respect of DBI's obligations under the PSA to rehabilitate the lease area at the expiry of the long term lease. It meets the definition of a contingent liability on the basis that the rehabilitation obligation is at the discretion of the lessor and therefore there is a possibility of an outflow of resources. At this stage, the Directors consider the outflow of resources to be remote.

In addition, there is significant uncertainty in relation to the extent of the rehabilitation activities DBI may have to undertake if notified by the lessor, and it is difficult to reliably estimate the amount of the rehabilitation obligation. However, as part of the draft decision in relation to DBI's DAU on 26 August 2020, the QCA has provided a draft estimate for the rehabilitation liability of \$814m (\$2020). Any remediation allowance effectively compensates DBI for any potential future obligation over the course of the regulatory period as allowed under DBI's regulatory framework.

### 6.5.6. Taxation Impacts of Asset Acquisition

DBI will be the head company of a TCG that will own 100% of the shares and units in the DBT Entities.

Upon formation of the DBI TCG, the underlying assets of the respective DBT Entities should broadly be reset to market value for income tax purposes.

Furthermore, DBI will be treated as a single taxpayer for Australian income tax purposes, and as head company, DBI will be required to prepare and lodge a single tax return on behalf of the TCG, and will be the entity primarily responsible for all income tax obligations. Additionally, once consolidated, any arrangements or dealings between any of the DBT Entities (including between the respective trusts and companies) should broadly be disregarded for income tax purposes notwithstanding any historical treatment prior to the IPO.

No franking credits will be available in respect of any Australian tax paid prior to Completion, on the basis that none of the DBT Entities will have franking credits in their own right due to:

- in some cases, being trusts (in other words, flow through vehicles for income tax purposes that do not generate franking credits); or
- in some cases, being companies that have exited a TCG such that any franking credits that have been generated are retained by the respective vendor TCGs that originally held the DBT Entities; or
- otherwise, being standalone companies that have not been taxable.

DBI is expected to pay tax at the Australian corporate tax rate of 30% on taxable profits of the DBI TCG.

## 6.6. Management discussion and analysis of the Historical Financial Information

### 6.6.1. General factors affecting DBI's operating results

The general matters discussed below are a summary only and do not represent all events and factors that affected DBI's historical operating and financial performance, nor everything that may affect its operating and financial performance in future periods. The information in this Section should also be read in conjunction with the risk factors set out in Section 7 and the other information contained in this Prospectus.

#### 6.6.1.1. Revenue

DBI currently operates under a revenue cap model, with an ARR determined by the QCA by applying a building blocks methodology. Since regulation commenced, DBI's allowable revenue has been recovered each year in full regardless of the number of tonnes shipped through the terminal or the contracted capacity. The ARR included in this Prospectus is based on the 2017 Access Undertaking, which will expire on 30 June 2021.<sup>162</sup>

DBI's revenue also includes Handling Charges which are the Operator's fixed and variable operating costs (see Section 6.6.1.2 below).

162. See Section 3.5.2 for information regarding the DAU process for the Access Undertaking to commence from 1 July 2021.

#### 6.6.1.2. EBITDA and operating expenses

EBITDA is calculated as revenue less operating expenses. DBI presents its operating expense categories within the consolidated income statement by nature:

- **Handling Charges:** based on the Operator's fixed and variable operating costs. The Handling Charge is recovered from Users and fully passed through to the Operator (recognised as revenue and an expense). The net contribution of Handling Charges to DBI's EBITDA is nil (cash impact of the timing of handling revenue receipts from Users and reimbursement of Handling Charges to the Operator is captured in working capital).
- **Employee expenses:** includes all salaries and wages, on-costs, incentives and other related costs for corporate staff employed at DBI's head office who are responsible for management of DBI, regulatory and compliance functions, finance and IT.
- **Occupancy expense:** includes rental and related expenses for DBI's head office in Brisbane.
- **Other administration expenses:** includes the QCA Levy, IT, travel and accommodation, professional services, insurance, annual management fee charged by Brookfield prior to Completion, public company costs and other administration costs that are incurred by the head office.

#### 6.6.1.3. Depreciation and amortisation

Amortisation is a non-cash expense that predominantly relates to DBI's service concession arrangement. The value of the service concession arrangement is amortised on a straight-line basis over the life of the remaining lease period to 2100.

At Completion and for the forecast period, amortisation expense will increase as a result of the service concession arrangement held on DBI's balance sheet being reset to market value (see Appendix A for further detail).

#### 6.6.1.4. Net finance cost and income tax expense

Net finance cost includes the interest charges, borrowing costs and amortisation of loan establishment costs related to DBI's debt as well as the imputed interest on the DBI Notes.<sup>163</sup>

Income tax expense reflects the sum of the tax currently payable and deferred tax at the Australian corporate tax rate of 30%.

#### 6.6.1.5. Capital expenditure

Capital costs incurred at the terminal can be broadly categorised as follows:

- **Minor maintenance capital:** responsibility of the Operator. The Operator includes these expenditure items in their monthly invoice to DBI and as such DBI passes 100% of these costs through to the Users via the Handling Charge. Spend is typically between \$2m to \$3m per annum. Comprises minor, business as usual capital expenditure at the Operator level.
- **NECAP:** responsibility of DBI. Spend on minor NECAP projects is typically between \$20m to \$30m per annum across 8-12 projects which usually take 6 to 18 months to complete. Spend on a major NECAP project can range between \$20m to over \$100m and take 18 months to 3 years to complete. NECAP projects include sustaining capital for fixed assets, offshore pile wrapping programs, collision avoidance, code compliance upgrades, electrical and control upgrades, structural upgrades, buildings and machine replacement/refurbishment.
- **Expansion capital expenditure:** includes projects that deliver capital works to increase terminal capacity as well as FEL studies (see Section 3.4.2 for further information).

The classification of capital costs into the categories above has implications for whether DBI is responsible for funding the expenditure and whether the expenditure is passed through to the Users in the Handling Charge or included in the capital asset base on which DBI earns a return.

#### 6.6.1.6. Changes in working capital

Changes in working capital reflect movements in DBI's working capital balances, including the timing of handling revenue and ARR receipts from Users and reimbursement of Handling Charges to the Operator, and the timing of interest payments.

<sup>163</sup> The DBI Notes, which are non-interest bearing, are recognised at amortised cost using the effective interest rate method. As the DBI Notes accrete to face value imputed interest is recognised in finance costs.

## 6. Financial Information (continued)

### 6.6.2. Statutory and Pro Forma Historical Results Comparison

Table 6.17: Statutory Historical Results Comparison

\$m	FY18	FY19	1HY19	1HY20	FY18 to FY19 % Change	1HY19 to 1HY20 % Change
TIC revenue	198.8	199.3	99.8	99.5	0.2%	(0.3)%
Handling Charges	212.5	243.2	113.7	121.9	14.5%	7.2%
Other income	0.5	0.0	0.0	–	n.m.	n.m.
<b>Total income</b>	<b>411.8</b>	<b>442.5</b>	<b>213.5</b>	<b>221.4</b>	<b>7.4%</b>	<b>3.7%</b>
Handling Charges	(212.5)	(243.2)	(113.7)	(121.9)	14.5%	7.2%
Other expenses	(10.2)	(9.8)	(5.5)	(4.0)	(4.4)%	(26.5)%
<b>Total operating expenses</b>	<b>(222.7)</b>	<b>(252.9)</b>	<b>(119.2)</b>	<b>(125.9)</b>	<b>13.6%</b>	<b>5.7%</b>
<b>EBITDA</b>	<b>189.1</b>	<b>189.5</b>	<b>94.3</b>	<b>95.5</b>	<b>0.2%</b>	<b>1.3%</b>
Depreciation and amortisation expenses	(24.9)	(25.3)	(12.5)	(12.7)	1.9%	1.9%
<b>EBIT</b>	<b>164.3</b>	<b>164.2</b>	<b>81.9</b>	<b>82.8</b>	<b>(0.0)%</b>	<b>1.2%</b>
Net finance cost	(72.2)	(69.5)	(33.1)	(34.3)	(3.7)%	3.7%
Interest Income from related party loan	23.3	22.5	12.5	8.7	(3.4)%	(30.2)%
<b>PBT</b>	<b>115.4</b>	<b>117.2</b>	<b>61.3</b>	<b>57.2</b>	<b>1.6%</b>	<b>(6.6)%</b>
Income tax expense	(20.9)	(21.4)	(11.7)	(10.6)	2.1%	(9.9)%
<b>Net Profit</b>	<b>94.4</b>	<b>95.8</b>	<b>49.6</b>	<b>46.7</b>	<b>1.5%</b>	<b>(5.8)%</b>
EBITDA Margin	95.1%	95.1%	94.5%	96.0%		

Table 6.18: Pro Forma Historical Results Comparison

\$m	FY18	FY19	1HY19	1HY20	FY18 to FY19 % Change	1HY19 to 1HY20 % Change
TIC revenue	198.8	199.3	99.8	99.5	0.2%	(0.3)%
Handling Charges	212.5	243.2	113.7	121.9	14.5%	7.2%
Other income	1.5	1.9	1.9	1.0	30.3%	n.m.
<b>Total income</b>	<b>412.8</b>	<b>444.4</b>	<b>215.4</b>	<b>222.4</b>	<b>7.7%</b>	<b>3.2%</b>
Handling Charges	(212.5)	(243.2)	(113.7)	(121.9)	14.5%	7.2%
Other expenses	(20.1)	(18.2)	(9.6)	(7.7)	(9.6)%	(19.3)%
<b>Total operating expenses</b>	<b>(232.6)</b>	<b>(261.4)</b>	<b>(123.3)</b>	<b>(129.6)</b>	<b>12.4%</b>	<b>5.1%</b>
<b>EBITDA</b>	<b>180.2</b>	<b>183.0</b>	<b>92.1</b>	<b>92.8</b>	<b>1.6%</b>	<b>0.7%</b>
Depreciation and amortisation expenses	(37.9)	(38.4)	(19.0)	(19.3)	1.3%	1.3%
<b>EBIT</b>	<b>142.3</b>	<b>144.6</b>	<b>73.1</b>	<b>73.5</b>	<b>1.7%</b>	<b>0.5%</b>
Net finance cost	(100.7)	(99.3)	(47.8)	(50.1)	(1.3)%	4.8%
Interest Income from related party loan	–	–	0.0	(0.0)	n.m.	n.m.
<b>PBT</b>	<b>41.6</b>	<b>45.3</b>	<b>25.3</b>	<b>23.4</b>	<b>8.9%</b>	<b>(7.5)%</b>
Income tax expense	(17.0)	(18.9)	(9.3)	(9.3)	11.2%	0.1%
<b>Net Profit</b>	<b>24.6</b>	<b>26.4</b>	<b>16.0</b>	<b>14.1</b>	<b>7.4%</b>	<b>(11.9)%</b>
EBITDA Margin	90.6%	91.8%	92.3%	93.2%		

### 6.6.3. Full Year Statutory and Pro Forma Historical Results (FY18 and FY19)

#### 6.6.3.1. Revenue

Statutory total income increased from \$411.8m in FY18 to \$442.5m in FY19. Pro forma total income increased from \$412.8m in FY18 to \$444.4m in FY19. Key drivers were:

- Statutory TIC revenue increased from \$198.8m in FY18 to \$199.3m in FY19, as did pro forma TIC revenue. The increase in Statutory TIC revenue was due to a \$0.5m increase in the QCA Levy, and the increase in pro forma TIC revenue was also due to the QCA Levy increasing by \$0.5m.
- Statutory Handling Charges increased from \$212.5m in FY18 to \$243.2m in FY19, as did pro forma Handling Charges. Each of these increases was due to an increase in maintenance activity by the Operator.

#### 6.6.3.2. EBITDA and operating expenses

Statutory total operating expenses increased from \$222.7m in FY18 to \$252.9m in FY19. Pro forma total operating expenses increased from \$232.6m in FY18 to \$261.4m in FY19. Key drivers were:

- Movement in Handling Charges for the period (see Section 6.6.3.1).
- Statutory other expenses decreased from \$10.2m in FY18 to \$9.8m in FY19 due to \$1.2m lower spend on adviser fees in relation to the review of the declaration of DBT as a 'declared service' under the QCA Act, offset by a higher QCA Levy (\$0.5m) and higher employee costs (\$0.3m).
- Pro forma other expenses decreased from \$20.1m in FY18 to \$18.2m in FY19 due to \$2.4m lower spend on adviser fees. \$1.2m of this is in relation to the review of the declaration of DBT as a 'declared service' under the QCA Act partially offset by a higher QCA Levy (\$0.5m).

#### 6.6.3.3. Depreciation and amortisation

Statutory depreciation and amortisation increased from \$24.9m in FY18 to \$25.3m in FY19 due to the adoption of IFRS16 Leases (\$0.2m) and additions of NECAP spend to the RAB (\$0.2m).

Pro forma depreciation and amortisation increased from \$37.9m in FY18 to \$38.4m in FY19 due to the increase in intangible assets, as an additional \$27.6m of capitalised NECAP costs were commissioned at the 1 July 2019 ARR roll forward.

#### 6.6.3.4. Net finance cost and income tax expense

Statutory net finance cost decreased from \$72.2m in FY18 to \$69.5m in FY19. \$1.73m of the decrease was due to an unrealised gain on derivatives being recognised in FY19 of \$0.9m compared to a loss in FY18 of \$0.9m. The remaining decrease was due to a reduction in borrowing costs, lower interest expenses on unhedged debt and an increase in the amortisation of net finance costs.

Pro forma net finance cost decreased from \$100.7m in FY18 to \$99.3m in FY19. \$1.7m of the decrease was due to a gain on derivatives being recognised in FY19 of \$0.9m compared to a loss in FY18 of \$0.9m. The remaining decrease was due to a reduction in borrowing costs, lower rates and increase in amortisation capitalised to assets.

Statutory income tax expense increased from \$20.9m in FY18 to \$21.4m in FY19, and pro forma tax expense increased from \$17.0m in FY18 to \$18.9m in FY19, largely due to the increase in PBT.

## 6. Financial Information (continued)

### 6.6.4. Half Year Statutory Pro Forma Historical Results (1HY19 and 1HY20)

#### 6.6.4.1. Revenue

Statutory total income increased from \$213.5m in 1HY19 to \$221.4m in 1HY20. Pro forma total income increased from \$215.4m in 1HY19 to \$222.4m in 1HY20. Key drivers were:

- Statutory TIC revenue decreased from \$99.8m in 1HY19 to \$99.5m in 1HY20, as did pro forma TIC revenue. Each of these decreases was due to the annual ARR roll forward. The lower result was due to March-March outturn inflation<sup>164</sup> of 1.33%, used to index the RAB.
- Statutory Handling Charges increased from \$113.7m in 1HY19 to \$121.9m in 1HY20, as did pro forma Handling Charges. Each of these increases was due to an increase in maintenance activity by the Operator.

#### 6.6.4.2. EBITDA and operating expenses

Statutory total operating expenses increased from \$119.2m in 1HY19 to \$125.9m in 1HY20. Pro forma total operating expenses increased from \$123.3m in 1HY19 to \$129.6m in 1HY20. Key drivers were:

- Movement in Handling Charges for the period (see Section 6.6.4.1).
- Statutory other expenses decreased from \$5.5m in 1HY19 to \$4.0m in 1HY20 due to \$1.5m lower spend on adviser fees in relation to the review of the declaration of DBT as a 'declared service' under the QCA Act.
- Pro forma other expenses decreased from \$9.6m in 1HY19 to \$7.7m in 1HY20 due to \$1.5m lower spend on adviser fees in relation to the declaration of DBT as a 'declared service' under the QCA Act.

#### 6.6.4.3. Depreciation and amortisation

Statutory depreciation and amortisation increased from \$12.5m in 1HY19 to \$12.7m in 1HY20 due to additions of NECAP spend to the RAB.

Pro forma depreciation and amortisation increased from \$19.0m in 1HY19 to \$19.3m in 1HY20 due to additions of NECAP spend to the RAB, as an additional \$28.9m of NECAP assets were added to the RAB at the 1 July 2019 ARR roll forward.

#### 6.6.4.4. Net finance cost and income tax expense

Statutory net finance cost increased from \$33.1m in 1HY19 to \$34.3m in 1HY20 due to a decrease in gain on derivatives of \$2.8m offset by a decrease in interest expense due to the refinance of USPP notes with a revolver facility, as well as lower interest rates charged on DBI's portion of unhedged debt.

Pro forma net finance cost increased from \$47.8m in 1HY19 to \$50.1m in 1HY20 due to a decrease in gain on derivatives of \$2.8m offset by a decrease in interest expense due to the refinanced debt and lower interest rates on floating debt.

Statutory income tax expense decreased from \$11.7m in 1HY19 to \$10.6m in 1HY20, largely due to the decrease in PBT. Pro forma income tax expense was flat between 1HY19 and 1HY20, at \$9.3m in each period.

164. The observed inflation rate used to index the RAB.



### 6.6.5. Statutory and Pro Forma Historical Cash Flows Comparison

Table 6.19: Statutory Historical Cash Flows Comparison

\$m	FY18	FY19	1HY19	1HY20	FY18 to FY19 % Change	1HY19 to 1HY20 % Change
<b>EBITDA</b>	<b>189.1</b>	<b>189.5</b>	<b>94.3</b>	<b>95.5</b>	<b>0.2%</b>	<b>1.3%</b>
Net interest	(68.8)	(68.3)	(35.3)	(33.4)	(0.8)%	(5.2)%
Cash tax paid	–	–	–	–	n.m.	n.m.
<b>FFO</b>	<b>120.3</b>	<b>121.2</b>	<b>59.1</b>	<b>62.1</b>	<b>0.8%</b>	<b>5.1%</b>
Changes in working capital	(6.4)	10.4	13.9	10.7	n.m.	(22.9)%
<b>Net operating cash flow before capital expenditure</b>	<b>113.9</b>	<b>131.6</b>	<b>73.0</b>	<b>72.8</b>	<b>15.6%</b>	<b>(0.2)%</b>
Capital expenditure	(28.7)	(31.9)	(14.2)	(13.2)	11.3%	(6.9)%
Additions to DSRA	(0.0)	(1.0)	(1.0)	(0.0)	n.m.	n.m.
<b>Net operating cash flow before financing</b>	<b>85.2</b>	<b>98.7</b>	<b>57.8</b>	<b>59.6</b>	<b>15.8%</b>	<b>3.2%</b>
Net movement in borrowings	29.1	32.7	4.0	1.3	12.3%	(66.6)%
Other	–	(0.3)	–	(0.2)	n.m.	n.m.
Offer proceeds					n.m.	n.m.
Transaction costs					n.m.	n.m.
<b>Net cash flow before distributions</b>	<b>114.4</b>	<b>131.1</b>	<b>61.8</b>	<b>60.8</b>	<b>14.6%</b>	<b>(1.6)%</b>

Table 6.20: Pro Forma Historical Cash Flows Comparison

\$m	FY18	FY19	1HY19	1HY20	FY18 to FY19 % Change	1HY19 to 1HY20 % Change
<b>EBITDA</b>	<b>180.2</b>	<b>183.0</b>	<b>92.1</b>	<b>92.8</b>	<b>1.6%</b>	<b>0.7%</b>
Net interest	(85.5)	(85.7)	(44.0)	(42.9)	0.3%	(2.5)%
Cash tax paid	–	–	–	–	n.m.	n.m.
<b>FFO</b>	<b>94.7</b>	<b>97.4</b>	<b>48.2</b>	<b>49.9</b>	<b>2.8%</b>	<b>3.6%</b>
Changes in working capital	(7.5)	8.5	12.0	9.7	n.m.	(18.6)%
<b>Net operating cash flow before capital expenditure</b>	<b>87.2</b>	<b>105.9</b>	<b>60.1</b>	<b>59.7</b>	<b>21.4%</b>	<b>(0.8)%</b>
Capital expenditure	(31.1)	(33.7)	(15.0)	(13.8)	8.2%	(7.9)%
Additions to DSRA	(0.0)	(1.0)	(1.0)	(0.0)	n.m.	n.m.
<b>Net operating cash flow before financing</b>	<b>56.0</b>	<b>71.2</b>	<b>44.1</b>	<b>45.8</b>	<b>27.0%</b>	<b>3.8%</b>
Net movement in borrowings	29.1	32.7	4.0	1.3	12.3%	(66.6)%
Other	–	(0.3)	–	(0.2)	n.m.	n.m.
Offer proceeds					n.m.	n.m.
Transaction costs					n.m.	n.m.
<b>Net cash flow before distributions</b>	<b>85.2</b>	<b>103.5</b>	<b>48.1</b>	<b>47.0</b>	<b>21.6%</b>	<b>(2.3)%</b>

## 6. Financial Information (continued)

### 6.6.6. Full Year Statutory and Pro Forma Historical Cash Flows (FY18 and FY19)

#### 6.6.6.1. Net operating cash flow before capital expenditure

Statutory net operating cash flow before capital expenditure increased from \$113.9m in FY18 to \$131.6m in FY19. Pro forma net operating cash flow before capital expenditure increased from \$87.2m in FY18 to \$105.9m in FY19. In each case, the changes were primarily due to changes in working capital, notably a change in the timing of payment of the Operator's monthly invoice.

Statutory changes in working capital increased from a loss of \$6.4m in FY18 to a gain of \$10.4m in FY19. Pro forma changes in working capital increased from a \$7.5m loss in FY18 to a \$8.5m gain in FY19.

#### 6.6.6.2. Net operating cash flow before financing

Statutory net operating cash flow before financing increased from \$85.2m in FY18 to \$98.7m in FY19. Pro forma net operating cash flow before financing increased from \$56.0m in FY18 to \$71.2m in FY19. In each case, the changes were primarily due to changes in working capital as noted above, partly offset by the increase in capital expenditure and an increase of \$1.0m required to be held in the DSRA.

Capital expenditure relates primarily to NECAP projects at the terminal including asset replacement and refurbishment costs. Statutory NECAP projects expenditure increased from \$28.0m in FY18 to \$31.1m in FY19, as did pro forma NECAP projects expenditure. The increase in capital expenditure from FY18 to FY19 was associated with the approval in September 2018 to commence the ST1 Replacement Project. This is a major standalone asset replacement project extending over 3 years that runs concurrently with routine NECAP programs.

Historical capital expenditure over recent periods has comprised of one major NECAP project with the remainder being routine NECAP. Apart from feasibility study costs (all of which historically have been added to RAB), there has been no expansion capital expenditure since the completion of the 7X Expansion.

#### 6.6.6.3. Net cash flow before distributions

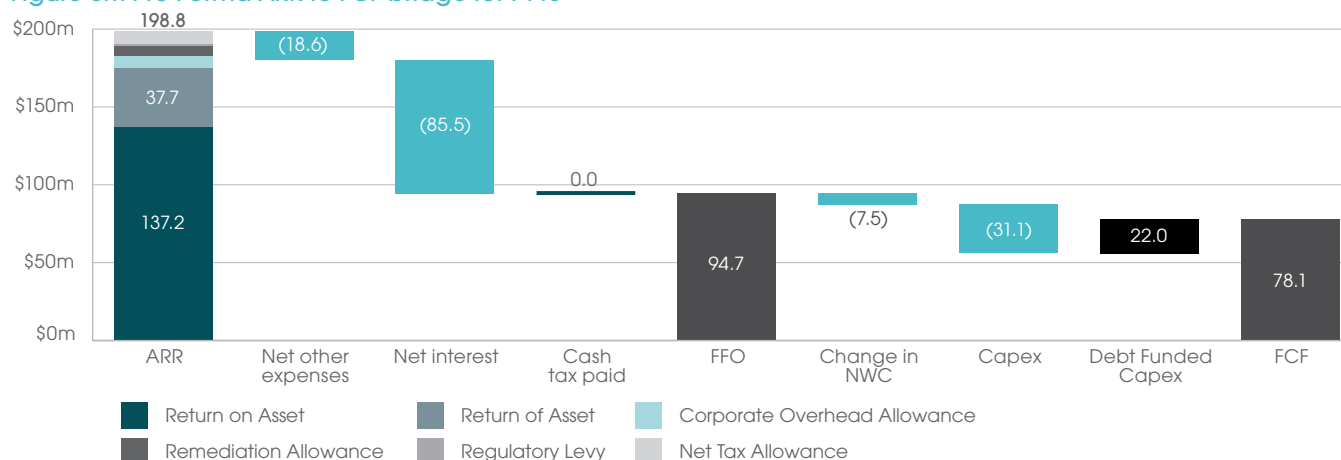
Statutory net cash flow before distributions increased from \$114.4m in FY18 to \$131.1m in FY19 due to the movements in statutory net operating cash flow before financing noted above and an increase in net movement in borrowings.

Pro forma net cash flow before distributions increased from \$85.2m in FY18 to \$103.5m in FY19 due to the movements in pro forma net operating cash flow before financing noted above and an increase in net movement in borrowings.

Statutory net movements in borrowings increased from \$29.1m in FY18 to \$32.7m in FY19, as did pro forma net movements in borrowings. Each movement in borrowings is due to the NECAP projects being undertaken and the working capital requirements.

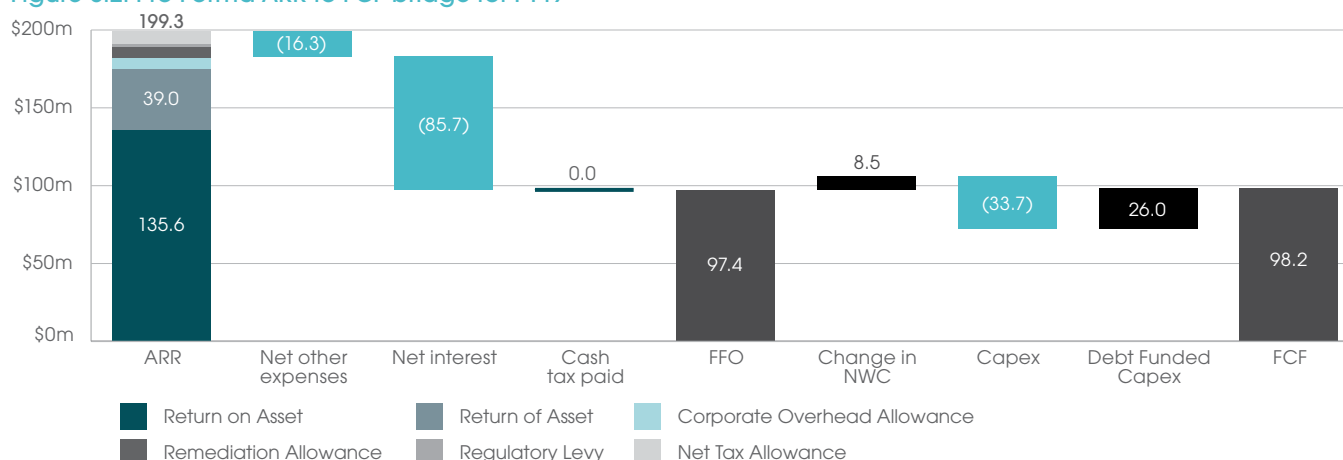
#### 6.6.6.4. Pro Forma ARR to FCF Bridges (FY18 and FY19)

Figure 6.1: Pro Forma ARR to FCF bridge for FY18<sup>165</sup>



165. FCF means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.

Figure 6.2: Pro Forma ARR to FCF bridge for FY19<sup>166</sup>



## 6.6.7. Half Year Statutory and Pro Forma Historical Cash Flows (1HY19 and 1HY20)

### 6.6.7.1. Net operating cash flow before capital expenditure

Statutory net operating cash flow before capital expenditure decreased from \$73.0m in 1HY19 to \$72.8m in 1HY20 primarily due to the increase in FFO being offset by a reduction in changes in working capital due to the Handling Charges paid by Users (based on a budgeted amount) being trued up for actual cost.

Pro forma net operating cash flow before capital expenditure decreased from \$60.1m in 1HY19 to \$59.7m in 1HY20 primarily due to the increase in FFO being offset by a reduction in changes to working capital due to the Handling Charges paid by Users (based on a budgeted amount) being trued up for actual cost.

Statutory changes in working capital decreased from a \$13.9m in 1HY19 to of \$10.7m in 1HY20. Pro forma changes in working capital decreased from \$12.0m in 1HY19 to \$9.7m in 1HY20.

### 6.6.7.2. Net operating cash flow before financing

Statutory net operating cash flow before financing increased from \$57.8m in 1HY19 to \$59.6m in 1HY20 due primarily to a decrease in statutory capital expenditure and with no top up required to the DSRA in 1HY20.

Pro forma net operating cash flow before financing increased from \$44.1m in 1HY19 to \$45.8m in 1HY20 due primarily to a decrease in statutory capital expenditure and no top up required to the DSRA in 1HY20.

Statutory capital expenditure decreased from \$14.2m in 1HY19 to \$13.2m in 1HY20. Pro forma capital expenditure decreased from \$15.0m in 1HY19 to \$13.8m in 1HY20. Statutory NECAP projects expenditure decreased from \$13.7m in 1HY19 to \$12.8m in 1HY20, as did pro forma NECAP projects expenditure. Each decrease was due to a slower ramp-up of expenditure on the annual NECAP series for 2019-20 (approved in June 2019) than the NECAP projects in the previous year.

### 6.6.7.3. Net cash flow before distributions

Statutory net cash flow before distributions decreased from \$61.8m in 1HY19 to \$60.8m in 1HY20 due to the movements in statutory net operating cash flow before financing noted above and a decrease in net movement in borrowings.

Pro forma net cash flow before distributions decreased from \$48.1m in 1HY19 to \$47.0m in 1HY20 due to the movements in pro forma net operating cash flow before financing noted above and a decrease in net movement in borrowings.

Statutory net movements in borrowings decreased from \$4.0m in 1HY19 to \$1.3m in 1HY20, as did pro forma net movements in borrowings. The movement of \$4m for HY19 consists of borrowings to fund NECAP (\$12.0m) and repayments of liquidity and revolver facilities (\$8.0m). The HY20 movement consists of borrowings to fund NECAP (\$11.0m), repayments of liquidity and revolver facilities (\$8.0m) and loan establishment fees (\$1.7m).

166. FCF means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.

## 6. Financial Information (continued)

### 6.6.7.4. Pro Forma ARR to FCF bridge (1HY19 to 1HY20)

Figure 6.3: Pro Forma ARR to FCF bridge for 1HY19<sup>167</sup>

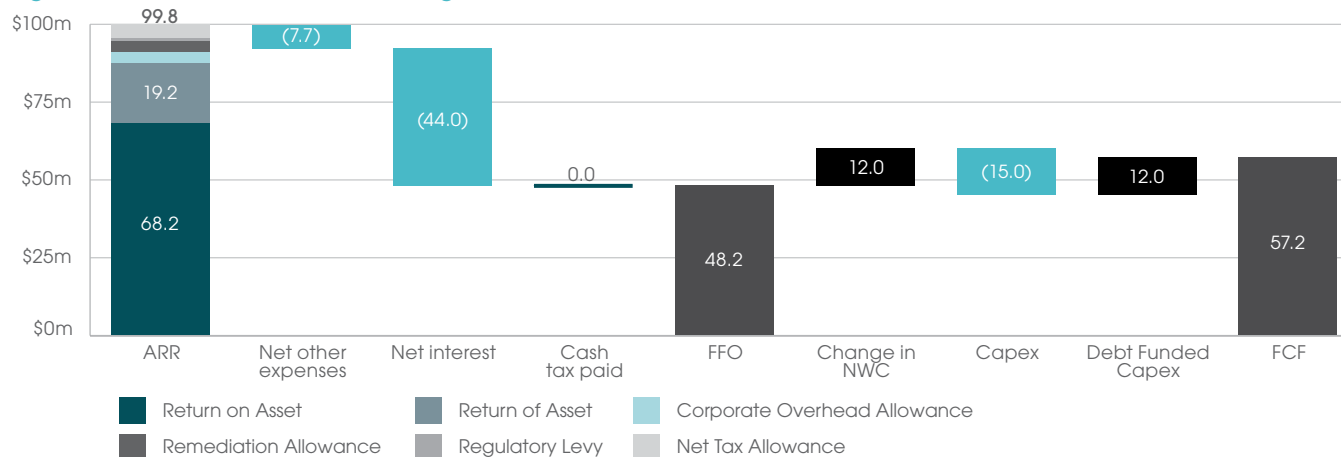
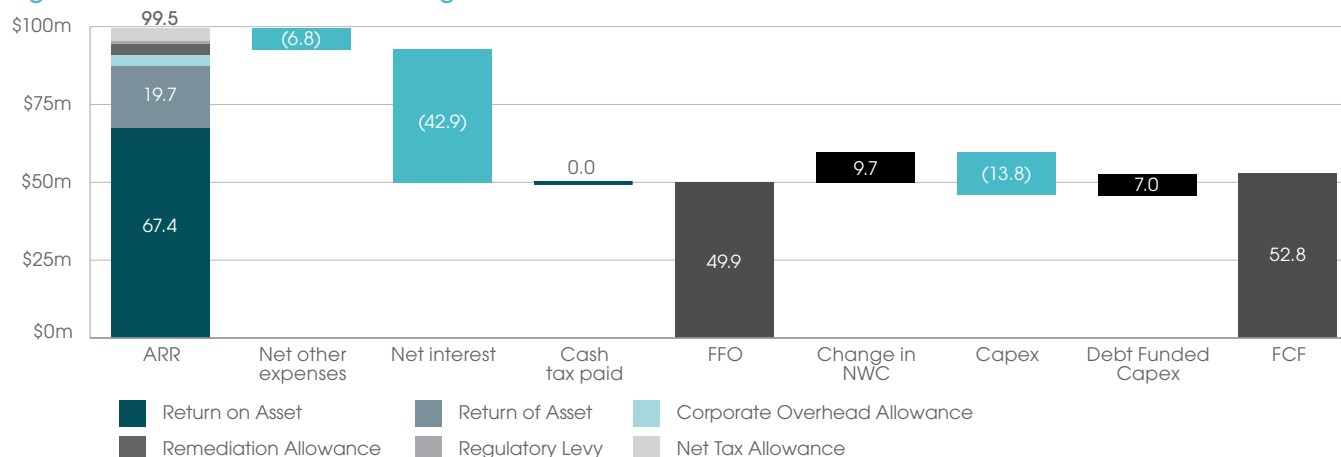


Figure 6.4: Pro Forma ARR to FCF bridge for 1HY20<sup>167</sup>



## 6.7. Management discussion and analysis of the Forecast Financial Information

### 6.7.1. Assumptions underlying the Forecast Financial Information

The Forecast Financial Information is based on various specific and general assumptions, including those set out in this Section. In preparing the Forecast Financial Information, Directors have undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY20F and 1HY21F. Management believes that they have prepared the Forecast Financial Information with due care and attention and consider all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus.

The Forecast Financial Information has been prepared based on the significant accounting policies adopted, which are in accordance with AAS.

167. FCF means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.

#### 6.7.1.1. General assumptions

In preparing the Forecast Financial Information, the Directors have adopted the following general assumptions:

- no material change in the competitive environment in which DBI operates;
- no significant deviation from current economic conditions;
- no material changes in government (including the QCA) regulations or policies which impact DBI's business or its Users;
- the pricing applicable under the current Access Undertaking and Access Agreement remains in force until 30 June 2021 and, in the event that DBT ceases to be a declared service prior to 30 June 2021, the Users agree to terms of access that are no less favourable than those in the Access Framework;
- no material amendment to any material contract, agreement or arrangement relating to DBI's business;
- no material industrial actions or other disturbances, environmental costs or legal claims;
- no material cash flow or consolidated statement of profit or loss or financial position impact in relation to litigation (existing or otherwise);
- no material changes in key personnel, including KMP, and DBI is able to continue to recruit and retain personnel which will be required to support future growth;
- no material change in DBI's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- the Offer proceeds in accordance with the timetable set out in this Prospectus;
- no material unexpected change in applicable AAS, the Corporations Act or other mandatory professional reporting requirements which have a material effect on DBI's financial performance or cash flows, financial position, accounting policies, or financial reporting or disclosures;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- no significant impact on operations as a result of COVID-19; and
- none of the key risks listed in Section 7 occur, or if they do, none of them has a material adverse impact on DBI's operations.

#### 6.7.1.2. Specific assumptions

The Forecast Financial Information is based on various specific assumptions, including those set out below. In preparing the Forecast Financial Information, management has considered the QCA requirements and analysed historical performance and applied assumptions, where appropriate, across the business. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 6.8, the risk factors set out in Section 7, the Significant Accounting Policies set out in Appendix A and other information contained in this Prospectus. The Investigating Accountant's Report set out in Section 10 also covers the Forecast Financial Information as set out in this Section.

The Forecast Financial Information adopts the common assumption of the BBSW 3M Forward Curve, plus a margin for the portion of DBI's unhedged debt. No inflation assumption is required for the forecasts as there are no regulatory resets or ARR roll forwards within the forecast period.

##### 6.7.1.2.1. Revenue

The Forecast Financial Information is based on the following key assumptions:

- TIC is payable for each contracted tonne at DBT and is calculated by dividing the ARR by the contracted tonnage. The ARR is based on the 2017 Access Undertaking and assumes there will be no change to the current ARR published by the QCA.
- Handling Charges of \$258.6m per the Operator's FY2020/21 budget (**Operator's FY2020/21 Budget**).



## 6. Financial Information (continued)

### 6.7.1.2.2. EBITDA and operating expenses

Operating expenses are forecast to marginally increase over the forecast period driven by additional costs from recent sustainability initiatives (additional headcount and consulting costs) and CPI. The Forecast Financial Information is based on the following bottom up operating expenses assumptions:

- **Handling Charges:** \$258.6m per the Operator's FY2020/21 Budget. Invoices are received from the Operator based on their budget each month, with a true up to actual spend each quarter. Handling revenue is charged by DBI to Users based on the Operator's budget and true up to actual cost annually each July. This timing difference is carried in DBI's working capital and may result in DBI carrying a receivable or payable during the year.
- **Other expenses:** includes employee costs, QCA Levy, and other professional and corporate costs. A benchmark allowance for corporate overheads is included in the ARR, which has historically provided sufficient coverage of actual corporate costs incurred by DBI. The QCA Levy is based on the actual costs recharged by the QCA to DBI and recovered from Users in full via the ARR.

### 6.7.1.2.3. Depreciation and amortisation

Amortisation is based on the straight-line amortisation of the intangible asset over the remaining life of the lease to 2100.

### 6.7.1.2.4. Net finance cost and income tax expense

The Forecast Financial Information (2HY20 + 1HY21) assumes that DBI will incur approximately \$60.7m of additional debt over the forecast period, being \$54.9m to fund capex, offset by \$5m debt amortisation prior to listing and \$11m drawn on liquidity facilities. NECAP and 8X Expansion FEL studies are forecast to be funded with 80% debt in FY20F and 75% debt in 1HY21F (consistent with DBI's capital management policy).

Unhedged debt assumptions based on BBSW 3M Forward Curve plus a margin of approximately 200 basis points.

Income tax expense reflects the sum of the tax currently payable and deferred tax at the Australian corporate tax rate on 30%. However, it has been forecast for the period to 30 June 2021 that current tax expense should be nil on the basis that tax depreciation should exceed accounting depreciation. In addition, there are a number of transaction-related expenses and other expenses that are deductible for tax. DBI anticipates making an income tax loss in the 1HY21 period. When DBI starts to generate a positive taxable income, it will first utilise the tax losses (subject to satisfaction of the loss recoupment tests) generated up to that point in time, further delaying the date upon which cash tax will be paid. DBI expects to generate tax losses of \$20-30m in the 6 months to 30 June 2021.

### 6.7.1.2.5. Capital expenditure

The Forecast Financial Information is comprised of the following assumptions:

- **NECAP:**
  - NECAP project spend for the forecast period (2HY20F and 1HY21F) totals \$73.2m. A key project included in the Forecast Financial Information is the Stacker ST1 Replacement Project (\$16.5m for 2HY20F and 1HY21F).
- **Expansion capital expenditure:**
  - \$12.3m is forecast to be spent in order to undertake 8X Expansion FEL2 and commence FEL3 studies during the forecast period (2HY20F and 1HY21F) (see Section 4.11.2 for further information).

NECAP projects and the 8X Expansion FEL studies are forecast to be funded using additional draws on debt facilities (funded with 80% debt in FY20F and 75% debt in 1HY21F) with the remaining costs funded from Operating Cash Flows.

### 6.7.1.2.6. Changes in working capital

Changes in working capital reflect forecast movements in DBI's working capital balances, including the timing of handling revenue and ARR receipts from Users and reimbursement of Handling Charges to the Operator, and the timing of interest payments.

## 6.7.2. Statutory and Pro Forma Forecast Results Comparison

Table 6.21: Statutory Forecast Results Comparison

\$m	FY19	FY20F <sup>168</sup>	1HY20	1HY21F	FY19 to FY20F % Change	1HY20 to 1HY21F % Change
TIC revenue	199.3	16.8	99.5	100.9	n.m.	1.4%
Handling Charges	243.2	21.3	121.9	129.3	n.m.	6.1%
Other income	0.0	–	–	–	n.m.	n.m.
<b>Total income</b>	<b>442.5</b>	<b>38.1</b>	<b>221.4</b>	<b>230.2</b>	<b>n.m.</b>	<b>4.0%</b>
Handling Charges	(243.2)	(21.3)	(121.9)	(129.3)	n.m.	6.1%
Other expenses	(9.8)	(130.2)	(4.0)	(8.4)	n.m.	109.3%
<b>Total operating expenses</b>	<b>(252.9)</b>	<b>(151.5)</b>	<b>(125.9)</b>	<b>(137.7)</b>	<b>n.m.</b>	<b>9.3%</b>
<b>EBITDA</b>	<b>189.5</b>	<b>(113.4)</b>	<b>95.5</b>	<b>92.5</b>	<b>n.m.</b>	<b>(3.1)%</b>
Depreciation and amortisation expenses	(25.3)	(3.2)	(12.7)	(19.4)	n.m.	52.9%
<b>EBIT</b>	<b>164.2</b>	<b>(116.6)</b>	<b>82.8</b>	<b>73.1</b>	<b>n.m.</b>	<b>(11.7)%</b>
Net finance cost	(69.5)	(8.0)	(34.3)	(49.4)	n.m.	44.1%
Interest Income from related party loan	22.5	–	8.7	–	n.m.	n.m.
<b>PBT</b>	<b>117.2</b>	<b>(124.6)</b>	<b>57.2</b>	<b>23.7</b>	<b>n.m.</b>	<b>58.6%</b>
Income tax expense	(21.4)	9.1	(10.6)	(9.4)	n.m.	(11.2)%
<b>Net Profit</b>	<b>95.8</b>	<b>(115.5)</b>	<b>46.7</b>	<b>14.3</b>	<b>n.m.</b>	<b>(69.3)%</b>
EBITDA Margin	95.1%	n.m.	96.0%	91.7%		

Table 6.22: Pro Forma Forecast Results Comparison

\$m	FY19	FY20F	1HY20	1HY21F	FY19 to FY20F % Change	1HY20 to 1HY21F % Change
TIC revenue	199.3	200.4	99.5	100.9	0.6%	1.4%
Handling Charges	243.2	251.2	121.9	129.3	3.3%	6.1%
Other income	1.9	1.0	1.0	–	(50.1)%	n.m.
<b>Total income</b>	<b>444.4</b>	<b>452.6</b>	<b>222.4</b>	<b>230.2</b>	<b>1.8%</b>	<b>3.5%</b>
Handling Charges	(243.2)	(251.2)	(121.9)	(129.3)	3.3%	6.1%
Other expenses	(18.2)	(16.7)	(7.7)	(8.4)	(8.3)%	8.4%
<b>Total operating expenses</b>	<b>(261.4)</b>	<b>(267.9)</b>	<b>(129.6)</b>	<b>(137.7)</b>	<b>2.5%</b>	<b>6.2%</b>
<b>EBITDA</b>	<b>183.0</b>	<b>184.7</b>	<b>92.8</b>	<b>92.5</b>	<b>0.9%</b>	<b>(0.2)%</b>
Depreciation and amortisation expenses	(38.4)	(38.8)	(19.3)	(19.4)	0.9%	0.9%
<b>EBIT</b>	<b>144.6</b>	<b>146.0</b>	<b>73.5</b>	<b>73.1</b>	<b>0.9%</b>	<b>(0.6)%</b>
Net finance cost	(99.3)	(101.4)	(50.1)	(49.4)	2.1%	(1.5)%
Interest Income from related party loan	–	0.0	(0.0)	–	n.m.	n.m.
<b>PBT</b>	<b>45.3</b>	<b>44.6</b>	<b>23.4</b>	<b>23.7</b>	<b>(1.5)%</b>	<b>1.4%</b>
Income tax expense	(18.9)	(17.9)	(9.3)	(9.4)	(5.2)%	1.2%
<b>Net Profit</b>	<b>26.4</b>	<b>26.7</b>	<b>14.1</b>	<b>14.3</b>	<b>1.1%</b>	<b>1.5%</b>
EBITDA Margin	91.8%	92.2%	93.2%	91.7%		

168. Statutory FY20F reflects results from 1 December 2020 to 31 December 2020.

## 6. Financial Information (continued)

### 6.7.3. Full Year Statutory and Pro Forma Forecast Results (FY20F)

The statutory FY20F reflects results from Completion to 1 December 2020 (1 month period) and is therefore not directly comparable to FY19.

#### 6.7.3.1. Revenue

Pro forma total income is forecast to increase by \$8.2m to \$452.6m in FY20F, representing growth of 1.8%, expected to be largely driven by Handling Charges. Growth in ARR is driven by NECAP additions, RAB indexation and QCA Levy more than offsetting RAB depreciation.

Pro forma Handling Charges are forecast to increase by \$8.0m to \$251.2m in FY20F due to an expected increase in maintenance spend by the Operator.

#### 6.7.3.2. EBITDA and operating expenses

Pro forma Handling Charges are forecast to increase by 3.3% between FY19 and FY20F as noted above. Pro forma other expenses (driven by completion of the declaration review) are forecast to decrease by 8.3% over the period.

#### 6.7.3.3. Depreciation and amortisation

Pro forma amortisation is forecast to increase by \$0.4m to \$38.8m during FY20F, representing growth of 0.9%, reflecting the expected growth in intangible assets as a result ongoing NECAP expenditure.

#### 6.7.3.4. Net finance cost and income tax expense

Pro forma net finance costs are forecast to increase over the period FY19 to FY20F by 2.1%, driven by the commissioning of NECAP projects into the RAB at 1 July 2020 and consequent expensing of associated finance costs. In September 2020, certain Group members priced \$777.3m (AUD equivalent) in the USPP market which is scheduled to settle in December 2020. Funds from this capital markets issue, together with a \$2.7m top-up from a non-current bank facility, will be used to re-finance and retire \$350m of existing bank debt and \$430m of credit wrapped notes.

Pro forma income tax expense in FY20F is forecast to be largely the same as in FY19.

### 6.7.4. Half Year Statutory and Pro Forma Forecast Results (1HY21F)

#### 6.7.4.1. Revenue

Statutory total income is forecast to increase from \$221.4m in 1HY20 to \$230.2m in 1HY21F, representing growth of 4.0%. Pro forma total income is forecast to increase from \$222.4m in 1HY20 to \$230.2m in 1HY21F, representing growth of 3.5%. In each case, the changes are expected to be driven by Handling Charges and growth in the ARR, which is expected to be driven by NECAP additions, RAB indexation and QCA Levy more than offsetting RAB depreciation.

Statutory Handling Charges are forecast to increase from \$121.9m in 1HY20 to \$129.3m in 1HY21F, as are pro forma Handling Charges. Each forecasted increase is due to higher forecast maintenance spend by the Operator.

#### 6.7.4.2. EBITDA and operating expenses

Statutory and pro forma Handling Charges are forecast to increase by 6.1% between 1HY20 and 1HY21F as noted above.

Statutory other expenses are forecast to increase from \$4.0m in 1HY20 to \$8.4m in 1HY21F. Pro forma other expenses are forecast to increase from \$7.7m in 1HY20 to \$8.4m in 1HY21F. The variance is largely due to the additional costs incurred from being a public company.<sup>169</sup>

#### 6.7.4.3. Depreciation and amortisation

Statutory amortisation is forecast to increase by \$6.7m to \$19.4m during 1HY21F, representing growth of 47.7%. Pro forma amortisation is forecast to increase by \$0.2m to \$19.4m during 1HY21F, representing growth of 0.9%. In the Pro Forma, the growth reflects the expected growth in the intangible assets as a result ongoing NECAP expenditure.

#### 6.7.4.4. Net finance cost and income tax expense

Statutory net finance costs are forecast to increase from 1HY20 to 1HY21F by 44.1% driven by a combination an expected higher weighted average cost of debt and the implied interest on the stapled DBI Notes. Pro forma net finance costs are forecast to decrease over the period 1HY20 to 1HY21F by 1.5%, driven by lower rates on the floating debt.

<sup>169</sup> The increase of \$0.7m in the pro forma other expenses is due to changes in remuneration of employees.

In September 2020, certain Group members priced \$777.3m (AUD equivalent) in the USPP market (funding is expected to occur in December 2020). Funds from this capital markets issue, together with a \$2.7m top-up from a non-current bank facility, will be used to re-finance and retire \$350m of existing bank debt and \$430m of credit wrapped notes. Please see Section 11.7.10.

Statutory income tax expense for the period 1HY20 to 1HY21F is forecast to decrease by 11.2% expected to be driven by a decline in PBT, largely driven by the forecast increase in net finance costs over the period.

Pro forma income tax expense is forecast to increase by 1.2% between 1HY20 and 1HY21F due to the forecast increase in PBT.

## 6.7.5. Statutory and Pro Forma Forecast Cash Flows Comparison

### 6.7.5.1. Overview

DBI's FFO is stable reflecting the stable nature of DBI's business and protections in the contractual and current regulatory framework. The main reasons for FFO stability include:

- 100% take-or-pay contracts which mitigate throughput volume risk;
- a regulatory framework that ensures recovery of DBI's allowable revenue regardless of contracted volumes;
- 100% recovery of Handling Charges due to the Operator from Users;
- other expenses included in FFO are either a direct pass through to Users (QCA Levy) or are reflected in the corporate overheads allowance (employee costs, professional fees and other corporate costs); and
- net interest expense is predictable, as a result of DBI's strategy of hedging greater than 75% of the base rates immediately in advance of each regulatory reset period for the duration of the regulatory period.

Minor variations in FFO within regulatory periods are due to changes in the unhedged portion of interest costs or changes in ARR due to additions to and indexation of the RAB.

Table 6.23: Statutory Forecast Cash Flows Comparison

\$m	FY19	FY20F <sup>170</sup>	1HY20	1HY21F	FY19 to FY20F % Change	1HY20 to 1HY21F % Change
EBITDA	189.5	(113.4)	95.5	92.5	n.m.	(3.1)%
Net interest	(68.3)	(18.5)	(33.4)	(41.1)	n.m.	23.1%
Cash tax paid	-	-	-	-	n.m.	n.m.
FFO	121.2	(131.9)	62.1	51.4	n.m.	(17.3)%
Changes in working capital	10.4	-	10.7	9.7	n.m.	(9.3)%
Net operating cash flow before capital expenditure	131.6	(131.9)	72.8	61.1	n.m.	(16.1)%
Capital expenditure	(31.9)	(3.0)	(13.2)	(43.5)	n.m.	229.4%
Additions to DSRA	(1.0)	-	(0.0)	-	n.m.	n.m.
Net operating cash flow before financing	98.7	(134.9)	59.6	17.6	n.m.	(70.5)%
Net movement in borrowings	32.7	(174.2)	1.3	38.5	n.m.	n.m.
Other	(0.3)	-	(0.2)	(0.1)	n.m.	(23.1)%
Offer proceeds		298.6			n.m.	n.m.
Transaction costs		(3.4)			n.m.	n.m.
Net cash flow before distributions	131.1	(13.9)	60.8	56.0	n.m.	(7.9)%

170. Statutory FY20F reflects cash flows from 1 December 2020 to 31 December 2020.

## 6. Financial Information (continued)

Table 6.24: Pro Forma Forecast Cash Flows Comparison

\$m	FY19	FY20F	1HY20	1HY21F	FY19 to FY20F % Change	1HY20 to 1HY21F % Change
EBITDA	183.0	184.7	92.8	92.5	0.9%	(0.2)%
Net interest	(85.7)	(86.4)	(42.9)	(41.1)	0.8%	(4.0)%
Cash tax paid	–	–	–	–	n.m.	n.m.
FFO	97.4	98.3	49.9	51.4	1.0%	3.0%
Changes in working capital	8.5	(10.8)	9.7	9.7	n.m.	(0.3)%
<b>Net operating cash flow before capital expenditure</b>	<b>105.9</b>	<b>87.5</b>	<b>59.7</b>	<b>61.1</b>	<b>(17.4)%</b>	<b>2.4%</b>
Capital expenditure	(33.7)	(43.5)	(13.8)	(43.5)	29.1%	215.3%
Additions to DSRA	(1.0)	(0.0)	(0.0)	–	n.m.	n.m.
<b>Net operating cash flow before financing</b>	<b>71.2</b>	<b>44.0</b>	<b>45.8</b>	<b>17.6</b>	<b>(38.2)%</b>	<b>(61.7)%</b>
Net movement in borrowings	32.7	23.5	1.3	38.5	(28.0)%	n.m.
Other	(0.3)	–	(0.2)	(0.1)	n.m.	(23.1)%
Offer proceeds					n.m.	n.m.
Transaction costs					n.m.	n.m.
<b>Net cash flow before distributions</b>	<b>103.5</b>	<b>67.5</b>	<b>47.0</b>	<b>56.0</b>	<b>(34.8)%</b>	<b>19.1%</b>

### 6.7.6. Full Year Statutory and Pro Forma Forecast Cash Flows (FY20F)

The statutory FY20F reflects cash flows from 1 December 2020 to 31 December 2020 (1 month period) and is therefore not directly comparable to FY19.

#### 6.7.6.1. Net operating cash flow before capital expenditure

Pro forma net operating cash flow before capital expenditure is forecast to decrease from \$105.9m in FY19 to \$87.5m in FY20F largely due to timing of payments of the OMC invoice and the resulting impact on working capital.

#### 6.7.6.2. Net operating cash flow before financing

Pro forma net operating cash flow before financing decreased from \$71.2m in FY19 to \$44.0m in FY20F due primarily to the decrease in pro forma net operating cash flow before operating expenditure as noted above and capital expenditure on a pro forma basis increasing from \$33.7m to \$43.5m over the same period.

DBI has budgeted for pro forma capital expenditure of \$43.5m in FY20F, with the key item being NECAP of \$13.4m for the Stacker ST1 Replacement Project. Total NECAP for FY20F is forecast to be \$38.3m.

Capital expenditure in FY20F is expected to be funded by a combination of operating cash flow and debt. The forecast assumes 80% of NECAP and FEL expenditure is funded with debt drawn from available facilities.



### 6.7.6.3. Net cash flow before distributions

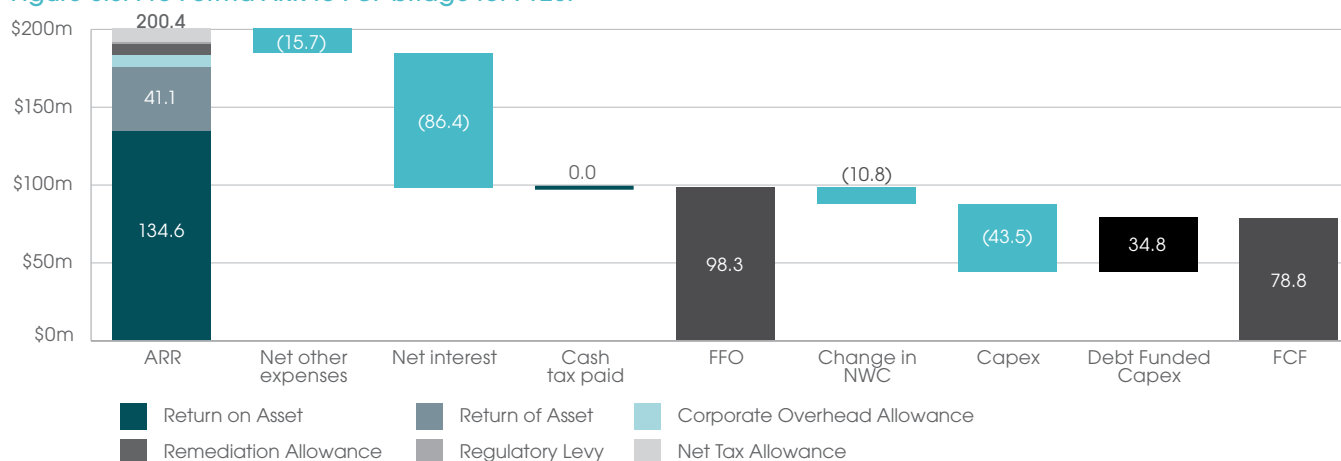
Pro forma net cash flow before distributions decreased from \$103.5m in FY19 to \$67.5m in FY20F due to the movements in pro forma net operating cash flow before financing noted above and a decrease in net movement in borrowings.

Assumptions for FY20F forecasts are:

- fees and costs associated with refinance activities are paid from operating cash flows and capitalised (for accounting and tax purposes) and amortised over the life of the debt. Total fees are \$8.6m;
- NECAP projects and 8X FEL studies are funded with 80% debt draws (\$34.1m);
- debt principal repayments of \$10.0m; and
- movement in draws on the liquidity facility of \$8.0m.

### 6.7.6.4. Pro Forma ARR to FCF bridge

Figure 6.5: Pro Forma ARR to FCF bridge for FY20F<sup>171</sup>



## 6.7.7. Half Year Statutory and Pro Forma Forecast Cash Flows (1HY21F)

### 6.7.7.1. Net operating cash flow before capital expenditure

Statutory net operating cash flow before capital expenditure is forecast to decrease from \$72.8m in 1HY20 to \$61.1m in 1HY21F largely due to higher expected net interest costs for the equivalent periods.

Pro forma net operating cash flow before capital expenditure is forecast to decrease from \$59.7m in 1HY20 to \$61.1m in 1HY21F largely due to a large accrual in 1HY20 releasing working capital.

### 6.7.7.2. Net operating cash flow before financing

Statutory net operating cash flow before financing decreased from \$59.6m in HY20 to \$17.6m in 1HY21F due to the decrease in pro forma net operating cash flow before capital expenditure noted above and capital expenditure on a statutory basis increasing from \$13.2m to \$43.5m over the same period.

Pro forma net operating cash flow before financing decreased from \$45.8m in HY20 to \$17.6m in 1HY21F due to the decrease in pro forma net operating cash flow before capital expenditure noted above and capital expenditure on a pro forma basis increasing from \$13.8m to \$43.5m over the same period.

DBI has budgeted for statutory and pro forma capital expenditure of \$43.5m in 1HY21F, with the key item being NECAP of \$8.4m for the Stacker ST1 Replacement Project. Total NECAP for 1HY21F is forecast to be \$34.8m.

Capital expenditure in 1HY21F is expected to be funded by a combination of operating cash flow and debt. The forecast assumes 75% of NECAP expenditure is funded with additional debt.

171. FCF means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.

## 6. Financial Information (continued)

### 6.7.7.3. Net cash flow before distributions

Statutory net cash flow before distributions decreased from \$60.8m in 1HY20 to \$56.0m in 1HY21F due to the movements in pro forma net operating cash flow before financing noted above, offset by an increase in net movement in borrowings.

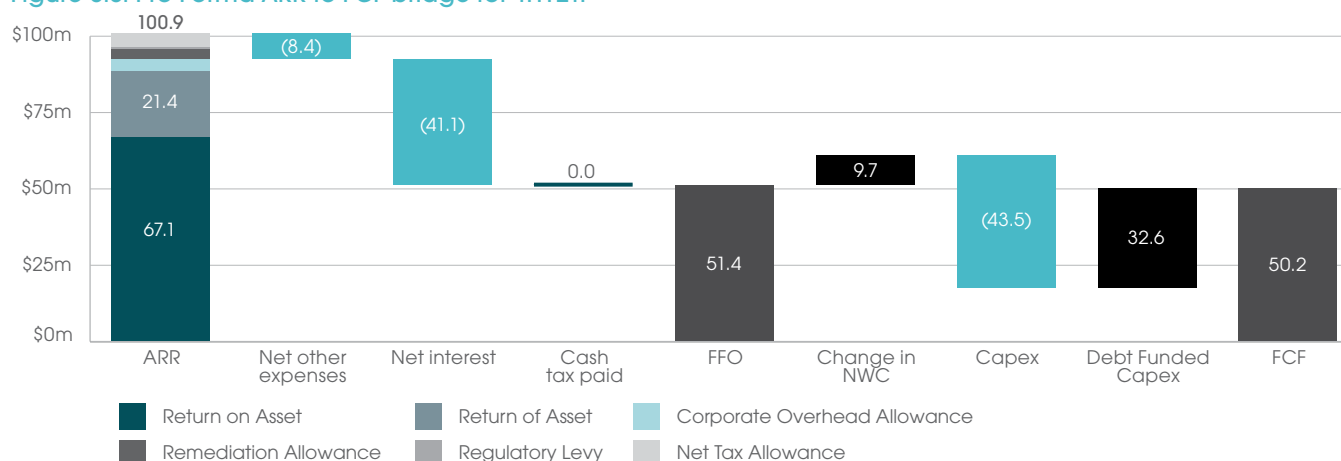
Pro forma net cash flow before distributions increased from \$47.0m in 1HY20 to \$56.0m in 1HY21F due to an increase in net movement in borrowings.

Key assumptions for the statutory and pro forma 1HY21F forecasts are:

- NECAP projects of \$34.9m and 8X FEL studies of \$8.6m are funded with 75% debt draws (\$32.6m); and
- there is a movement in draws on the liquidity facility of \$6m.

### 6.7.7.4. Pro Forma ARR to FCF bridge

Figure 6.6: Pro Forma ARR to FCF bridge for 1HY21F<sup>172</sup>



## 6.8. Sensitivity analysis of Forecast Financial Information

Assumptions underlying the Forecast Financial Information are based on a number of estimates that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of DBI, the members of its Board, and based upon assumptions with respect to future business developments, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist potential investors in assessing the impact of these assumptions on the forecasts, set out in Table 6.25 and Table 6.26 is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the forecast. In practice, a change in one variable is likely to have a flow-on effect to other variables and may also affect the way in which DBIM respond to one or more of these variables. Also, note that the effect of movements in some variables may be non-linear, such that the effect of a movement of 10% in a variable may not simply be 10 times the effect of a movement 1% in the variable.

172. FCF means FFO adjusted for changes in Net Working Capital, capital expenditure and amounts of debt drawn down to fund capital expenditure.

**Table 6.25: Key sensitivities on Pro Forma FY20F Forecast Results**

Assumptions	Notes	Increase/ Decrease	Impact on FY20F pro forma net profit
TIC	1	+/- 10.0%	-
Throughput volume	2	+/- 10.0%	-
Handling Charges	3	+/- 10.0%	-
Interest rates	4	+/- 100bps	-/+ 1.5
Inflation	5	+/- 50bps	-/+ 0.1

Notes:

1. Full year impact of an increase or decrease in the TIC by 10%. If the TIC is adjusted due to a change in contracted tonnage, this does not impact revenue to DBI based on the regulatory principle that it should recover all the ARR to which it is entitled.
2. Full year impact of an increase or decrease in throughput volume by 10%. No impact as the contracts are on a 100% take-or-pay basis.
3. Full year impact of an increase or decrease in Handling Charges by 10%. No impact as the Handling Charges are 100% pass through.
4. Full year impact of an increase or decrease in interest rates by 100bps. Movements in interest rates affect the unhedged portion of debt, and excludes any impact of interest rate hedging or other fixed rate debt instruments.
5. Full year impact of an increase or decrease in inflation rate by 50bps. No impact to revenue as inflation is set on 1 July each year. The impact on DBI's net profit is immaterial as DBI's operating expenses account for only approximately 4% of DBI's total revenue.

**Table 6.26: Key sensitivities on Pro Forma 1HY21F Forecast Results**

Assumptions	Notes	Increase/ Decrease	Impact on 1HY21F pro forma net profit
TIC	1	+/- 10.0%	-
Throughput volume	2	+/- 10.0%	-
Handling Charges	3	+/- 10.0%	-
Interest rates	4	+/- 100bps	-/+ 0.9
Inflation	5	+/- 50bps	-/+ 0.0

Notes:

1. Half year impact of an increase or decrease in the TIC by 10%. If the TIC is adjusted due to a change in contracted tonnage, this does not impact revenue to DBI based on the regulatory principle that it should recover all the ARR to which it is entitled.
2. Half year impact of an increase or decrease in throughput volume by 10%. No impact as the contracts are on a 100% take-or-pay basis.
3. Half year impact of an increase or decrease in Handling Charges by 10%. No impact as the Handling Charges are 100% pass through.
4. Half year impact of an increase or decrease in interest rates by 100bps. Movements in interest rates affect the unhedged portion of debt, and excludes any impact of interest rate hedging or other fixed rate debt instruments.
5. Half year impact of an increase or decrease in inflation rate by 50bps. No impact to revenue as inflation is set on 1 July each year. The impact on DBI's net profit is immaterial as DBI's operating expenses account for only approximately 4% of DBI's total revenue.

## 6. Financial Information (continued)

### 6.9. Key factors affecting future financial performance after the forecast period

As discussed in Section 3.5, the next regulatory period commences on 1 July 2021 and the process in relation to finalisation of the DAU is ongoing. DBI has proposed a transition to a lighter handed framework, which the QCA has indicated may be appropriate to approve subject to certain amendments being made to the DAU proposed by DBI.

To the extent the DAU is approved with a lighter handed framework, future access charges (TIC) and therefore revenues will be driven by the outcome of commercial negotiations with individual Users and Access Seekers (or the outcome of an arbitration conducted by the QCA in the event the parties cannot agree). The DAU, if approved without further amendments, preserves substantially the same non-price terms and risk-sharing arrangements as the previous access undertakings.

Negotiations will be conducted with the Users and Access Seekers having the benefit of information that DBI will be required to make available to Users and Access Seekers (under the terms proposed by the QCA in order to approve the DAU), which is expected to include parameters that build up to the TIC. The QCA is expected to continue to determine the forecast remediation cost given the complexity involved in estimating this amount, and this cost estimate will underpin the allowance which will form part of the negotiations with Users and Access Seekers. In respect of other parameters, DBI can apply its own estimates and methodology<sup>173</sup> and, as discussed in more detail in Section 3.5.2, the QCA will determine the reasonableness of those estimates in any arbitration conducted if the parties cannot agree a tariff.

As discussed in Section 3.5.2, under section 120 of the QCA Act, the QCA must have regard to a range of factors in arbitrating any dispute, including cost, efficiency, investment incentives and the value of the service to the Users. The cost of providing the service, which is the focus of the current building blocks methodology, is only one of 12 factors to be considered. Based on the Draft Decision, and the framework set out in the Arbitration Guidelines, it is expected the current building blocks methodology for determining the TIC will remain a reference point for determining the reasonableness of the TIC proposed by DBI to apply after 1 July 2021. A discussion of some of the parameters and considerations which should be disclosed to Users and that will be relevant to any future arbitration are outlined below.

**Table 6.27: Overview of pricing parameters for light handed regulation**

Item	Considerations
Asset base	DBI has proposed a continuation of the current methodology for annual roll-forward by DBI of the asset base that exists at 1 July 2021 and the QCA has indicated this is acceptable.
Inflation	DBI has flexibility in relation to the methodology for estimating forecast inflation. The QCA has historically forecast inflation based on the RBA method which references the RBA's target inflation range. There are a number of alternative options in use by regulators across Australia and the AER has recently commenced a review of inflation forecasts and their impact on real returns given the risks of structurally lower inflation.
Depreciation	<p>The QCA has indicated it will continue to prescribe the methodology for estimating depreciation and has requested stakeholder submissions in relation to the appropriate approach. The QCA has also indicated that DBI will be required to provide depreciation values to Users and Access Seekers to inform negotiations.</p> <p>Estimates in relation to depreciation affect the depreciation (return of capital) and return on capital allowances.</p> <p>The current depreciation profile has been set so that the terminal is fully depreciated over the economic life of the Bowen Basin, which was assessed by the QCA to be 2054. The QCA made this assessment in 2004 and has not reviewed it since that time. It is open to DBI to propose an alternative useful life, which could include the end of the lease term in 2051 (if the option to extend is not expected to be exercised).<sup>174</sup> If the decision is made in the future to exercise the extension option, the useful life could be extended beyond 2054.</p>

173. The QCA has requested further submissions on DBI's depreciation methodology. DBIM and the User group each made a submission on 23 October 2020.

174. In DBIM's 23 October 2020 submission to the QCA, it proposed an alternative useful life of 2051. The User group submission requests that the QCA maintain the current depreciation methodology with useful life to 2054.

Item	Considerations
Capital expenditure	<p>The approval process for capital expenditure outlined in the current Access Undertaking remains substantially unchanged.</p> <ul style="list-style-type: none"> <li>• Approval for NECAP projects will continue to be sought from the Operator, DBI's Board and all Users, ensuring the continued strong alignment in relation to ongoing investment in the terminal.</li> <li>• The QCA will continue to oversee expansion capex in line with the existing framework.</li> <li>• The DAU proposes that for NECAP and for expansion capital expenditure that the QCA determines is to be socialised, an allowance will be added to the TIC negotiated with individual Users.</li> </ul>
WACC	<p>In the Draft Decision, the QCA acknowledged that estimating a company's WACC necessarily requires the exercise of judgment. In the Draft Decision, the QCA proposes to require DBI to disclose and explain its methodology for estimating WACC and associated inputs.</p> <p>There is regulatory precedent in Queensland for:</p> <ul style="list-style-type: none"> <li>• A higher equity beta (relative to the current equity beta included in the calculation of the current ARR) that recognises the additional risks associated with significant investment, in line with the previously approved beta for DBT in prior periods of expansion.</li> <li>• Application of a 10-year risk free rate which was adopted by the QCA in the recent regulatory decision for Queensland Rail.</li> <li>• Adjustments to the debt risk premium to reflect structural shifts in the underlying risk profile for commodity exposed infrastructure assets, which was adopted by the QCA in the recent Queensland Rail decision.</li> <li>• Discretionary adjustments to the bottom up calculation to ensure the overall WACC is appropriate given company specific factors. A WACC uplift of 25 basis points was applied in the QCA's 2018 regulatory decision for Aurizon Network to recognise the company's legitimate business interests, ensure adequate compensation for commercial and regulatory risks and provide incentives to invest (among other factors).</li> </ul>
Remediation allowance	<p>The estimate of remediation costs (determined in the 2017 Access Undertaking) is \$432.7m (\$2015) and underpins the existing \$7.02m pa remediation allowance component within the current ARR. In a 2019 submission to the QCA, DBI proposed a new rehabilitation plan that was costed by a third party technical consultant at \$1.22bn (\$2018). In connection with the Draft Decision, the QCA engaged a third party technical consultant to review the plan submitted by DBI. The QCA's advisers provided a cost estimate of \$814m (\$2020). The QCA has expressed a view that the appropriate cost may lie between the two estimates of \$814m and \$1.22bn, indicating potential for an uplift to the current estimate and associated input into the TIC. The User group also agreed in its latest submission that the current allowance should be increased, although their proposed number is slightly less than the QCA's range at \$736m.</p>
Other costs	<p>Costs in relation to tax, working capital and corporate overheads will continue to reflect benchmark efficient costs rather than actual costs incurred by DBI. Consistent with the current approach, an independent party will be engaged to determine corporate overheads, with disclosure required to Users and Access Seekers in relation to the benchmarking methods considered.</p> <p>There is scope to revisit benchmark costs where it can be demonstrated that there have been changes in the underlying reference costs.</p> <p>DBI is also required to outline its methodology for estimating tax and working capital.</p> <p>The QCA provides DBIM information on the QCA's estimated charges which the QCA indicated should inform forecasts of the QCA Levy.</p>



## 6. Financial Information (continued)

If the judicial review process results in the removal of the declaration, access to DBT will be based on commercial negotiation with Users and Access Seekers. As part of its submissions during the Declaration Review, DBI proposed that, if the declaration is removed, a legally binding Access Framework would instead apply until 2030 in respect of terminal access and tariff setting. In conjunction with the Access Framework, DBI provided a legally binding commitment that, in the event declaration ceases, any TIC levied on Access Seekers and existing Users will be capped at \$3.00/t (\$2020 indexed) above the price that would have been calculated under the most recent QCA regulatory model. See Section 3.5.1 for further details.

### 6.10. Financial Risk Management

DBI's activities expose it to some financial risks, including interest rate and credit risk. DBI's overall risk management objective is to minimise potential adverse effects of those risks on the financial performance of DBI.

DBI manages financial risk through Board approved policies and procedures. These specify the responsibility of the Board and management with regard to the management of financial risk. Financial risks are managed centrally by the finance team under the direction of DBI's Chief Financial Officer. The finance team manages risk exposures primarily through delegated authority limits approved by the Board. The finance team regularly monitors DBI's exposure to these financial risks and reports to management and the Board on a regular basis. Policies are reviewed at least annually and amended where appropriate.

DBI uses derivative financial instruments such as interest rate swaps and cross currency swaps. Derivatives are used for economic hedging purposes to ensure DBI's hedged debt base rate is priced at the same time as DBI's revenue allowance for each regulatory period, and to ensure DBI's debt is 100% hedged from a currency perspective.

### 6.11. Capital Management and Distribution Policy

The payment of distributions by DBI is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of DBI, future capital requirements, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of distributions by DBI, and any other factors the Directors may consider relevant.

DBI's objective in setting its distribution policy is to deliver Securityholder returns while maintaining flexibility to pursue growth initiatives including the 8X Expansion project as well as remaining investment grade. DBI's distribution policy is to distribute between 60% and 80% of FFO, allowing for growth in distributions in line with underlying FFO growth. In circumstances where there is surplus FFO, at the discretion of the Board and in light of business and market conditions, DBI may consider the potential for additional returns by either repaying principal amounts of the DBI Notes, or through share buy-backs subject to requirements under the Corporations Act.

The Directors anticipate distributing \$45m after release of the results for 1HY21. This reflects cash expected to be generated by the Company for the 6 month period of 1 January 2021 to 30 June 2021. For 1HY21, Management expects to pay a distribution which will be at the higher end of the FFO payout range, largely driven by higher expected interest costs in the period than DBI expects to see in subsequent periods. New interest rate hedges will be entered into for the period from 1 July 2021 (in accordance with DBI's hedging policy) and are likely (having regard to the current interest rate hedging environment) to be meaningfully lower than the current interest rate hedges. This should result in lower interest costs, commensurately higher FFO and a payout ratio closer to the lower end of the target range in periods subsequent to 1HY21.

Assuming that the Company moves as expected to a lighter handed regulatory framework than exists today (and on the terms currently contemplated by the QCA's draft decision in relation to DBI's proposed DAU), or becomes unregulated, DBI will target to grow distributions per share by 1% – 2% per annum for the foreseeable future. This is based on the fact that the forecast distribution is initially expected to be at the lower end of the payout ratio range after 1HY21 and the fact that DBI anticipates:

1. that access charges will reflect a return on investment commensurate with the regulatory and commercial risks involved (consistent with pricing principles in the QCA Act<sup>175</sup>);
2. a requirement to invest further capital in DBT for NECAP and to expand;
3. that the QCA will determine that the costs of the 8X Expansion will be socialised (or that outcome will be otherwise achieved in an unregulated environment); and
4. that there will be additional adjustments to pricing to compensate for the further investment.

175. Which would also be relevant in a QCA arbitration under a lighter handed regulatory framework, and indirectly under a commercial arbitration if DBT becomes unregulated.

It also has regard to the Company's ability to repay principal amounts of the DBI Notes, where DBI considers that appropriate.

To the extent DBI generates taxable income in the future, DBI expects to distribute dividends with the maximum available franking credits for the purposes of the Australian dividend imputation system where possible. The extent to which a dividend can be franked will depend on DBI's franking account balance.

No assurance can be given by any person, including the Directors, about the payment of any distribution and the level of franking on any such distribution. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Section 6.7.1, the risk factors set out in Section 7.1.13 and the terms of the Debt Facilities set out in Section 11.7.10.

The Directors may establish a distribution reinvestment plan in the future under which Securityholders may elect that the distributions payable by DBI may be reinvested, in whole or part, by acquisition of Stapled Securities at a price to be determined by the Board from time to time.

Distributions paid by DBI may be subject to Australian withholding tax. Investors should consult with their tax advisers regarding the particular tax consequences of acquiring, owning and disposing of securities in DBI.

## 6.12. Critical Accounting Estimates and Judgements

The preparation of consolidated financial statements in conformity with AAS requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include useful lives for depreciation and amortisation, fair value allocation associated with the asset acquisition, and other contingencies. See Appendix A for discussion of these items subject to such estimates and assumptions.

DBI's critical accounting policies include accounting for intangible assets with finite lives and impairments, asset retirement obligations, derivative financial instruments and deferred tax on intangible assets (See Appendix A for further details).





## Section 7

# Risks

## 7. Risks

This Section identifies some of the potential risks associated with DBI's business, DBT, the industry in which it operates and an investment in the Stapled Securities. It does not purport to be an exhaustive list of every risk faced by DBI, now or in the future. Many of these risks, or the consequences of them, are outside the control of DBI, the Directors and DBI's management. If one or more of these risks eventuates, then the future operating performance of DBI and DBT and the value of your investment in the Stapled Securities may be adversely affected.

The selection of risks has been based on an assessment of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it does occur. This assessment is based on the knowledge of the Directors and DBI's management as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or other risks or matters that may adversely impact DBI will not emerge.

There are specific risks which relate directly to DBI's business. In addition, there are other general risks, many of which are largely beyond the control of DBI, the Directors and DBI's management. The risks identified in this Section may have a material impact on DBI's business, operating and financial performance and the future investment performance of the Stapled Securities. The risks may also cause actual results, performance, events or outcomes to differ materially from the results, performance, events or outcomes expressed or anticipated in forward looking statements.

Prospective investors should ensure that they have sufficient awareness of the risks described in this Section and all the other information set out in this Prospectus, and have regard to their investment objectives, financial circumstances and taxation position before deciding whether to invest in the Stapled Securities. An investment in DBI is not risk free and the Directors strongly recommend that investors carefully consider the risk factors identified below, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before deciding whether to apply for the Stapled Securities.

### 7.1. Specific risks

#### 7.1.1. Regulatory oversight as a "declared service"

DBT, and as a result DBI, is subject to significant regulatory oversight. As set out in Section 3.1, the QCA Act sets out the statutory access regime in Queensland and provides a framework for third party access to services provided by significant infrastructure facilities where there may be a lack of effective competition.

Access to the handling of coal at DBT is a "declared service" under the QCA Act and negotiation for access and pricing is therefore governed by an Access Undertaking. As a result of the Access Undertaking, the QCA plays a role in relation to third party access and setting of pricing for access to DBT, and it may adopt regulatory assumptions in the setting of charges (for example, in relation to the regulated asset base, rate of return, depreciation and operating and maintenance costs) that negatively impact on DBI's revenue and earnings outlook.

The original declaration of DBT as a "declared service" was due to expire on 8 September 2020. Under the QCA Act, the QCA was required to investigate, consider and make a recommendation to the Minister administering the QCA Act, the Treasurer of Queensland, as to whether the handling of coal at DBT should continue to be a declared service.

After extensive review, in March 2020, the QCA recommended that DBT no longer meets the criteria for declaration. The Queensland Treasurer considered the QCA's recommendation but, in their decision on 31 May 2020, determined that DBT should remain a declared service for a further 10 years, to 8 September 2030. DBIM has filed an application for judicial review of the Queensland Treasurer's decision on the basis of legal and procedural errors in the decision making process. See Section 3.5.

The outcome of the judicial review is uncertain. DBI's desired deregulation of DBT may or may not occur, and if it does occur, may not occur when desired. If it does occur, it is also possible that following deregulation, DBIM may not be able to negotiate prices with Users that are different to those prices that would have applied had regulation by the QCA continued to apply.

Additionally, to the extent that DBT is deregulated, any upside of deregulation may not be realised or the perceived benefits of deregulation may not be achieved or may otherwise be limited. For example, DBIM has undertaken to the QCA that, in the event that the handling of coal at DBT ceases to be a declared service, it will not charge a price for access greater than \$3.00/t above the price that would have been calculated for access via a 'roll forward' of the reference tariff under the regulated regime. This undertaking will expire on 9 September 2030, unless the access framework is renewed by DBIM for a further term. The undertaking means that, in the event that the handling of coal at DBT ceases to be a "declared service" and DBI can negotiate a price for access to DBT, the \$3.00/t cap above the 'rolled forward' reference tariff may result in the price being limited by DBI. In addition, following any deregulation, the access charges to DBT might not be able to be fully socialised in the event of User default (i.e. the access prices paid by other Users may not be able to increased sufficiently to cover the full amount of access charges foregone from a defaulting User that has agreed through negotiation to pay a higher access fee than other Users) or O&M costs may not be able to be passed through in full to Users.



## 7. Risks (continued)

Even if DBT is deregulated, there is a risk that, in the future, a regulator, such as the Australian Competition and Consumer Commission or their successor, may seek to regulate DBT and the price for access, either under the terms of Part IIIA of the *Competition and Consumer Act 2010* (Cth) or other new or amended legislation.

Finally, a number of existing contractual arrangements for DBT, such as the PSA and the Deed of Common Provisions for the finance arrangements, assume the existence of the QCA as regulator. In certain instances, negotiations with counterparties to amend these contracts will be required (which in the case of the financing arrangements will require negotiations with financiers to amend certain of the finance arrangements and/or a consent fee under those finance documents) should the services at DBT cease to be declared.

### 7.1.2. Regulation of pricing

For so long the handling of coal remains a “declared service”, access to DBT and pricing will remain governed by the terms of an access undertaking approved by the QCA. DBIM’s current Access Undertaking is due to expire on 1 July 2021. DBIM is currently seeking approval from the QCA for a DAU to apply from 1 July 2021. In the DAU, DBIM has proposed that the QCA will cease to set the reference tariff that applies to pricing. If the reference tariff ceases, DBI will commence applying a ‘negotiate and arbitrate’ approach to User pricing. These approaches are each discussed in Section 3.5.

The QCA issued a draft decision on the DAU on 26 August 2020. In its draft decision, the QCA made findings on pricing which would, if issued in final form, allow DBI to adopt a ‘negotiate and arbitrate’ approach in respect of the 5 year period from 1 July 2021. This means that rather than the QCA setting the capital component of the access charges, known as the “Terminal Infrastructure Charge”, using a reference tariff approach as has historically occurred, DBI will be able to negotiate the price for access with its Users individually, which may enable DBI to agree higher prices, thereby increasing revenue. However, this benefit may not be realised if, for example, DBI does not reach agreement with the Users on pricing and any arbitrated pricing outcomes are similar to the current price determined by the QCA under the reference tariff approach.

Further, in permitting the adoption of the ‘negotiate and arbitrate’ model, the QCA may require in its final decision additional consequential amendments to other revenue protection aspects of the access undertaking – for example, the QCA’s final determination may:

- a) impact on DBI’s ability to recover expansionary and non-expansionary capital expenditure; or
- b) not facilitate full socialisation of lost revenue in the case of User default. The QCA’s draft determination supports continued socialisation of lost revenue in the case of User default with the move to the “negotiate and arbitrate” pricing model.

In its DAU, DBIM proposed a formula for an allowance to be added to the negotiated price for access to recover uncontracted tonnage or for capital expenditure. However, there is a risk that this formula may be changed in the QCA’s final decision (including in response to the User group submissions) or that the application of this formula may result in similar or negative outcomes when compared to current practice. For example, under the formula, any upside negotiated by DBI with respect to a particular User would not be fully socialised in the event of default by that User and therefore this additional revenue will not be realised by DBI.

Any amendments to the QCA’s draft decision will not be known to DBI before the QCA releases its final decision, and additional amendments outside the contemplation of DBI and its Directors may be included in the QCA’s final decision (in response to User submissions or otherwise). Any of these outcomes could negatively impact DBI’s revenue and financial performance.

A final decision regarding the QCA Access Undertaking is expected in February 2021, and there is also a risk that the QCA will revise its draft determination and not allow DBI to adopt a ‘negotiate and arbitrate’ approach and instead continue with the reference tariff approach. It is also possible that the QCA may (in the future) reconsider whether a full pass through of O&M costs remains appropriate (e.g. if the Operator ceased to be 100% User-owned). The QCA’s final decision could also be subject to judicial review. If a judicial review application is made, the outcome could affect either the transition, or the timing of the transition, to a lighter handed regime.

If it occurs, the transition to ‘lighter handed regulation’ will trigger a re-negotiation of certain debt covenants in certain Group members’ finance arrangements, including the gearing ratio, to remove reference to a RAB determined by the QCA. The finance documents require certain Group members to negotiate with the Security Trustee acting on behalf of beneficiaries to agree new debt covenants no more restrictive to certain Group members than the existing covenants that existed at the date that the financing was entered into. Failing agreement, an independent expert will determine the matter.



### 7.1.3. Expansion risk

The business carried on by DBI in respect of DBT is capital intensive. DBI's operating and financial performance is dependent on its ability to effectively manage significant capital projects within budgets and timeframes. Any inability by DBI to effectively manage or complete its capital expenditure plans within budget or within the intended timeframe may impact (among other things) DBI's ability to undertake expansion projects, as well as have an adverse impact on DBI's business, operational performance or financial results.

DBI is required to expand DBT's capacity in certain circumstances to meet the requirements of the Port Services Agreement, and may only refuse to do so where it can show that the expansion is uneconomic and unreasonable or DBI is not able to obtain the required land or approvals for expansion, despite using best endeavours. Any expansion of DBT may not occur or, if it does occur, may take longer or cost more than anticipated or may not result in the desired outcomes. Moreover, expansions may divert the attention of DBI's management.

Whether DBI will proceed with the planned 8X Expansion will be influenced by the outcome of feasibility studies currently underway and the price ruling of the QCA in accordance with the QCA Access Undertaking on whether the costs of the expansion should be socialised across all Users of DBT or paid for only by those Users who will receive capacity created by the expansion. Expansion tonnage would be higher risk to DBI if the QCA requires that the capacity which is the subject of an expansion is differentially priced (i.e. the cost of the expansion is reflected in the access charges paid by the Users of the specific expansion capacity rather than being shared by all Users of DBT).

DBI's ability to expand its terminal capacity also depends upon (among other things) its ability to obtain on a timely basis, and maintain, all necessary regulatory approvals and land access arrangements (including addressing any native title claims which may not have previously been addressed), impacts on the environment and impacts on Aboriginal cultural heritage. Although the planned 8X Expansion is intended to be built within the existing Terminal footprint, additional regulatory approvals will still be required. For the potential 9X Expansion, land reclamation or acquisition, marine works and significant additional feasibility studies (amongst other things) must be undertaken. There is no assurance or guarantee that DBI will be in a position to secure any or all of the regulatory approvals to undertake the expansions. The permitting rules of the approvals, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by regulators, all of which may make compliance more difficult or impractical, and may preclude future expansions of capacity at DBT.

Additionally, all expansions of DBT are conditional on the corresponding capacity being available in the rail network managed by Aurizon Network or Aurizon Network committing to build additional capacity in the rail network to meet the additional capacity that will be created by a DBT expansion (to the extent such capacity is not available). This is a decision of Aurizon Network and cannot be controlled by DBI. See Section 7.1.6.

The public, including non-governmental organisations, anti-mining groups and individuals, may comment upon and submit objections to certain land and environmental approvals that may be required in connection with an expansion project. The public may bring lawsuits to challenge the issuance of approvals and the validity of the approvals. Companies which derive revenue from fossil fuels (and particularly thermal coal, which accounted for approximately 20% of the coal throughput handled at DBT during 2019) have come under increased scrutiny from the public in recent years and may be subject to extensive litigation by environmental groups. See Section 7.1.8.1.

If the necessary approvals for expansion at DBT cannot be obtained by DBI, or are not obtained in a timely manner or on acceptable terms to DBI, the expansions may not be able to be completed. This may impact the value of DBT, which could have a material adverse impact on DBI's business and operating and financial performance.

Additionally, if expansions cannot be completed, or if there are ongoing and sustained impacts on operations as a result of such expansions, and DBT cannot handle the volume of coal demanded by its Users, it is possible that Users of DBT will not renew their contracts or will elect to reduce their contracted tonnage under current Access Agreements on 5 years' notice and instead export their coal via other Queensland terminals.

#### 7.1.3.1. Dependence on third party contractors for expansions

The success of any expansion project is also dependent on third party service providers. There can be no assurance that skilled third party contractors will be available at a reasonable cost or at all. DBI does not have the same control over contractors as it does over its employees, and is therefore exposed to risks related to the quality or continuation of the services of, and the equipment and supplies used by, its contractors as well as risks related to the compliance of its contractors with environmental and health and safety legislation and internal policies, standards and processes. The timing and quality of DBI's projects are directly impacted by the availability and skill of these parties, as well as contingencies affecting them, including labour and raw material shortages.

## 7. Risks (continued)

Any failure by DBI's contractors to comply with their obligations under their construction contracts (whether as a result of financial or operational difficulties or otherwise), any termination or breach of construction contracts by DBI's contractors, any protracted dispute with a contractor, any material labour dispute between DBI's contractors and their employees or any major labour action by those employees against DBI's contractors, could have a material adverse effect on DBI's business, operations and financial performance.

Further, to the extent that any expenditure incurred in an expansion is not deemed "prudent" by the QCA, DBI may not be able to permitted to earn a return on its investment from Users.

### 7.1.4. Risks of User Default

DBI's revenue is heavily reliant on its relationship with major Users of DBT. 17 mines utilise DBT and 6 of these Users accounted for approximately 90% of contracted tonnage in 2020.

All Users enter into take-or-pay contracts, which means that DBI will receive revenue even if the contracted capacity is not utilised in full by the User, whether due to the User or external events not attributable to DBI itself. However, the business operations of the Users may be impacted by a number of factors, including global and domestic economic and political conditions, global demand and prices for coal, environmental laws and regulations, technical difficulties with respect to mining, availability of financing and capital, industrial accidents, disputes, pandemics, such as COVID-19, and force majeure events, such as earthquakes, cyclones, floods, prolonged rain events, fires and geological issues. This may adversely affect a User's business and therefore its ability to pay its take-or-pay charges.

Additionally, the above factors and various other factors outside the control of DBI and its Directors, may reduce a User's long term demand for capacity at DBT, or result in deteriorated relationships between DBI and the Users. Current take-or-pay contracts may not be renewed, or Users may decrease capacity with five years' notice, or may be the subject of dispute.

Current Users may transfer their take-or-pay contracts to a new mine owner of the source mine who is not an affiliate of such User. While these transfers are subject to conditions, DBI cannot unreasonably withhold consent where the transferee is sufficiently creditworthy or security is provided, and there is a risk that the transferee may be less creditworthy when compared to the existing User. There is also a risk that a User may, near the end of the life of the source mine or if the source mine cannot be sold to a third party, reduce capacity or choose not to exercise its option to renew the take-or-pay contract.

Users may default under their contracts, particularly if their operations become less profitable in a sustained low coal price environment or access to DBT becomes difficult due to the unavailability of infrastructure or the User otherwise experiences business disruptions. Where a User or multiple Users' contractual performance under their respective take-or-pay contracts is adversely impacted, DBI's operations and cash flows may be materially adversely affected to the extent of any unremedied default.

Although many Users are entities owned by large multinational coal producers, their respective take-or-pay contracts are not always guaranteed by the relevant parent companies. DBI may hold security (including bank guarantees and parent company guarantees, which may not be from the ultimate parent entity) from Users that it considers less creditworthy. However, this security may not fully cover the revenue which would otherwise be recoverable if the User did not default under the contract. In addition, socialisation mechanisms (i.e. access prices paid by other Users are increased for uncontracted tonnage) cannot be assured or guaranteed under the proposed amendments to the pricing regime or may not cover the full amount of revenue foregone (particularly defaults with respect to capacity through the proposed 8X Expansion or 9X Expansion, which may be differently priced). See Section 7.1.3.

Where an expansion is differentially priced, it is also possible that applicants in the Access Queue will be able to take up any unused or expansion capacity if capacity in the existing Terminal becomes available and any uncontracted capacity may have an adverse impact on DBI's revenue, operations and financial performance.

DBT is designed solely for the export of coal and, in its present configuration, cannot be used for any other purpose. It is critical for DBI's business that the Users (and any other potential shippers through DBT) have sufficient coal production to support their use of DBT. Current Users and applicants in the Access Queue may not have sufficient coal reserves in the future to support the long term operations of DBT or meet their requirements under their take-or-pay contracts.

### 7.1.5. Reduction in coal demand

DBI's revenue is directly linked to the amount of capacity contracted under take-or-pay contracts with its Users. Due to this take-or-pay contracting structure, DBI is not exposed in the short term to fluctuations in the global demand for or price of coal (i.e. capacity at DBT is fully contracted until 2028 and DBI is therefore not exposed to a reduction in the demand or price for coal until the current take-or-pay contracts are due for renewal or are otherwise terminated or varied in accordance with their terms (i.e. a reduction in tonnage on five years' notice)). See Section 7.1.4 for discussion of counterparty risks in the short term.

However, beyond the term of the current take-or-pay contracts or to the extent such contracts are not renewed or are otherwise terminated and if the lost revenue cannot be fully socialised amongst remaining Users, DBI is exposed to the global demand for coal. Any long term reduction in the global demand for coal may negatively impact on DBT's throughput and, if deregulated, may impact on the price that Users negotiate for access to DBT, and therefore DBI's revenue and earnings outlook over time.

Approximately 20% of throughput at DBT in 2019 was thermal coal (as opposed to metallurgical coal). To the extent that the global demand for thermal coal is reduced, as a result of environmental concerns, changes in energy demand which reduce the demand for thermal coal, replacement of thermal coal by competitor energy sources (such as natural gas) or alternative energy sources (such as hydroelectricity and solar) or otherwise due to the negative perception of thermal coal, such reduction may impact DBI to the extent that throughput is not taken up by metallurgical coal throughput or the lost revenue is not socialised.

In addition, demand for metallurgical coal (which represented approximately 80% of throughput at DBT in 2019 or coal generally may reduce over time due to a variety of reasons, including:

- a) reduced demand from key export coal markets, such as China, Japan, Taiwan, South Korea and India. In the event that conditions in any of these economies deteriorate, including as a result of COVID-19, or new restrictions are introduced (e.g. coal tariffs and import restrictions), this may result in long term lower levels of demand for coal and therefore a decrease in DBT's throughput;
- b) general global, regional and local economic activity, industrial production levels, weather incidents (such as cyclones in Queensland) and events interfering with supply, such as changes in international freight rates or other transportation infrastructure and costs;
- c) source mines closing or discontinuing operations, either at the end of mine life or before the end of their mine life due to environmental, geological, geotechnical, health and safety or other issues;
- d) environmental regulations mandating reduced use of coal or increasing the cost of use of coal and tax impositions on the resources industry;
- e) negative perceptions relating to the environmental impacts of coal use, climate change and the emergence of competing technologies and products to steel; and
- f) changes to steel making processes, including the use of other reducing agents, such as hydrogen, as an alternative to metallurgical coal and the availability and cost of substitutes for steel such as aluminium, composites and plastics, all of which are outside the control of DBI, its Directors and management.

Without limiting the factors noted above that may impact on coal demand, import restrictions or quotas imposed in destination markets may limit demand for Australian thermal and metallurgical coal. Such restrictions may be imposed from time to time for a range of domestic industrial and policy based reasons, and may arise in periods of heightened geopolitical tension. For example, in October 2020, it was reported that certain Chinese state-owned utilities and steel mills had been verbally instructed by China's General Administration of Customs (CGAC) to stop importing thermal and metallurgical coal from Australia with immediate effect. The impact, scope and duration of the CGAC restrictions remains unclear. However, ongoing political tensions between the Australian and Chinese governments or protracted import restrictions or quotas may result in an overall reduction in the level of Chinese imports of Australian coal.

Reduction in the demand for coal over the long term may impact on the renewal of current committed tonnages and the demand for long term contracts or on DBI's ability to expand its operations and therefore revenue and earnings. If the market price for coal falls below levels required to meet production costs of any User and remains at such levels for a sustained period of time, it may also not be economically feasible for an affected User to continue production at its source mines, which may make such a User unable or unwilling to fully perform its payment obligations under its existing take-or-pay contract. See Section 7.1.4.

A reduction in coal demand over the long term may also lead to other coal terminals in Queensland reducing prices and impact the price DBI is able to charge its Users for access to DBT. Although Users' ability to redirect tonnage will vary depending upon the economic impact of transport costs to alternate terminals, these reduced prices may adversely impact the throughput of DBT and DBI's revenue and financial performance in the long term.

## 7. Risks (continued)

### 7.1.6. Dependence on coal supply chain in the Bowen Basin

DBI is dependent on the successful operation of the coal supply chain in the Bowen Basin. As a result, DBI's performance is reliant on certain third party infrastructure and service providers engaged directly by the Users and with whom DBI does not have a contractual relationship, without which it cannot operate DBT, including:

- a) railway infrastructure managed by Aurizon Network that connects DBT to Users' mines;
- b) rail haulage operators that haul coal from User mines to DBT; and
- c) vessels chartered by Users or their customers to ship coal from DBT.

If third parties do not meet their obligations under their contracts, or there is a dispute concerning a material contract, this may impact DBI's long term operations or financial performance.

There is a risk that demand for capacity at DBT may be temporarily or permanently reduced as a result of issues affecting the efficacy or performance of the third party infrastructure and services necessary for Users to be able to present coal at DBT for export. Beyond the term of its existing take-or-pay User contracts, there is a risk that any sustained or long term interruption or reduction in availability of third party infrastructure and service providers may make it less desirable or economic for Users to ship coal through DBT or could require a restructuring of the current mode of operation at DBT. Users may also not renew their contracts or they may exercise their right to reduce contracted tonnage on five years' notice. This may adversely affect DBI's business and revenue and earnings may be impacted by these reductions in the longer term subject to socialisation.

In addition, DBI's ability to undertake expansions (including the planned 8X Expansion) may be constrained by the available rail capacity in the system, which could have an adverse effect on DBI's business, operational performance and financial results.

### 7.1.7. Risk of changes in business regulation

In addition to regulatory burdens and uncertainties DBT faces as a result of being a "declared service", DBI (as a result of DBT) is exposed to changes in regulation, including those impacting on environmental matters, matters of national security and critical infrastructure, industrial matters, occupational health and safety and remediation matters. In particular, DBT is subject to a wide variety of federal, state and local laws and regulations dealing with environmental, contamination and planning matters. Certain regulations may impose liability without regard to whether DBI knew of, or was responsible for, the presence of contaminants and without regard to DBI's own negligence or fault. In addition, any future legislation or regulatory change imposing more constraints or more stringent requirements may affect DBI's business, operations or financial performance (either directly or indirectly, including due to reduced demand for coal as a result of new laws which impact the natural resources industry generally).

On 27 April 2016, the *Environmental Protection (Chain of Responsibility) Amendment Act 2016* (Qld) came into effect, which gives the Queensland Department of Environment and Science the power to compel certain related bodies corporate, executive officers, financiers and shareholders of a licensed company, to satisfy the environmental obligations of holders of an environmental authority in Queensland in certain circumstances. Under this legislation, and subject to the application of certain statutory guidelines currently applied by the Department of Environment, DBI and its Securityholders, Directors and executive officers could be exposed to liability in the event that a DBI subsidiary holding an environmental authority (currently, only DBIM in connection with expansion activities), fails to comply with relevant environmental requirements.

Compliance with applicable federal, state and local laws and regulations may become more costly and time consuming and may impact DBI's operations or delay proposed expansions. These laws and regulations are constantly evolving and may become increasingly stringent. The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable, due in part to the fact that implementing regulations for these laws may not yet have been promulgated and in certain instances are undergoing revision. These laws and regulations, particularly new legislative or administrative proposals (or judicial interpretation of existing laws and regulations), could result in substantially increased capital and other costs and could have a material adverse effect on DBI's operations.

Moreover, changes in the law or regulations may require heightened compliance efforts, could divert the attention of DBI's management, and may require significant expenditure. To the extent that this expenditure cannot ultimately be reflected in the price for which DBI charges for access to DBT (or otherwise recovered), DBI's operating results may be detrimentally impacted. The costs and operating restrictions necessary for compliance with safety and environmental laws and regulations may have an adverse effect on DBI's competitive position.

A breach of any laws or regulations applicable to DBI may result in the imposition of fines and penalties or the suspension or closure of DBT, which could have a material adverse effect on DBI's business, operating and financial performance.

### 7.1.8. Environmental risks

DBI's operations, by their nature, have the potential to impact land, water resources and related ecosystems (including the GBRWHA), including from the discharge of contaminants, subsidence or excess water ingress. The Operator currently holds all significant and day to day environmental permits, with DBI (via DBIM) holding one environmental authority used in connection with extractive activities such as blasting and the removal of rock for the purpose of expansion.

If a major environmental incident occurs (whether caused by DBI, the Operator or otherwise), DBI may be exposed to significant liability and litigation. Additionally, the Operator is required to have comprehensive terminal close plans in place should a major environmental incident occur, and such incident and closure of DBT may cause reputational damage to DBI and may impact on its revenue long term.

Changes in scientific understanding of environmental impacts, regulatory requirements or stakeholder expectations may prevent or delay expansions or result in increased costs for mitigation, offsets or compensatory actions. Despite DBI's efforts to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and regulations, and DBI's efforts to ensure that the Operator undertakes all activities in accordance with the same standards, there is a risk that past, present or future operations have not met or will not meet environmental or related regulatory requirements, which may expose DBI, via the Operator, to fines or other penalties and may prevent or delay the grant of any approvals required for expansions or such approvals may be granted on onerous terms.

Environmental legislation has, and may continue to, become more stringent, requiring compliance with additional standards and a heightened degree of responsibility for companies and their Securityholders, directors and employees. There may also be unforeseen environmental liabilities resulting from DBI's activities (either itself or in connection with the activities of the Operator), which may be costly to remedy or adversely impact on DBI's operations.

#### 7.1.8.1. Climate change

The physical and non-physical impacts of climate change may affect DBI's assets, productivity or the global demand for coal. Global climate issues continue to attract considerable public and scientific attention, although a significant proportion of this attention is focussed on the mining and use of thermal coal. There is widespread concern about the human contribution to such climate changes, including through the emission of greenhouse gases.

Emissions from coal consumption (both the use of thermal coal in power generation and through the end use of metallurgical coal by Users in coke plants and in the steelmaking process), emissions from coal production and transportation (predominantly from the combustion of fuel) and emissions from coal mining itself (which can release methane directly into the atmosphere) are subject to pending and proposed regulation as part of initiatives to address global climate change. A number of national governments have already introduced, or are contemplating the introduction of, regulatory responses to greenhouse gas emissions, including from the extraction and combustion of fossil fuels, to address the impacts of climate change. This includes Australia, as well as the Users' markets such as China and India. For example, on 4 November 2016, the Paris Agreement within the United Nations' Framework Convention on Climate Change came into force, which aims to control the increase in global temperatures, increase the ability of countries to adapt to the adverse impacts of climate change and provide channels to finance projects that lead to greenhouse gas reductions. As at the Prospectus Date, the Paris Agreement has been signed by 197 countries, including Australia and China.

The absence of regulatory certainty, global policy inconsistencies and direct regulatory impacts (such as carbon taxes or other charges) each have the potential to adversely affect DBI's operations – either directly or indirectly, through suppliers (to the extent that any resulting increased costs are not able to be passed through to Users) and User demand. Changes to steel making processes, including the use of other reducing agents, such as hydrogen, as an alternative to metallurgical coal and the availability and cost of substitutes for steel such as aluminium, composites and plastics, could adversely affect the demand for metallurgical coal. Also, the growth of alternative energy options, such as renewables, disruptive power generation technologies and changes in community or government attitudes to climate change could also result in further development of alternative energy industries and broader mainstream acceptance of alternative energy options which could result in a material reduction in the demand for thermal coal.

Negative perceptions of Users of DBT and their mines or the coal industry generally may adversely affect DBI's business and reputation. The coal industry may generate negative public sentiment with certain stakeholder groups (particularly in relation to thermal coal) due to the perception that coal adversely impacts the global environment. Any such adverse public sentiment may result in adverse reactions to DBT's current operations, including through public protests, and may impact on the operations of DBT and, longer term, DBI's business and revenues.



## 7. Risks (continued)

Adverse physical effects of climate change on DBI's operations could include increased storm and cyclone intensities. DBI may not be able to insure against these business interruptions, either adequately, at a reasonable cost or at all, in the future (see Section 7.1.16). The impact of climate change may also increase competition for, and the regulation of, limited resources, such as power and water or impact on the availability of capital to companies connected (directly or indirectly) to the coal industry. These factors could materially and adversely affect the expansion of DBI's operations and the ability of DBT to operate efficiently.

### 7.1.8.2. Remediation risk

At the end of its 50 year lease or further extension period (if the option to renew for a further 49 years is exercised), DBI is required to remediate the land on which DBT is constructed back to its natural state unless the Lessor does not require the land to be remediated.

Additionally, DBI is required to remediate the land on which DBT is constructed back to its natural state:

- a) if the DBT Leases are terminated for default by DBI after the 20th anniversary of their commencement (i.e. after 15 September 2021); and
- b) if the DBT Leases are surrendered by DBI and the Lessor requires rehabilitation as a condition of accepting the surrender.

There is also a risk that the Lessor could request amendments to the remediation obligations under the DBT Leases in the future or seek greater financial assurance for any remediation obligations (e.g. as a condition of providing DBI with consent to undertake a transaction that may otherwise be prohibited under the terms of the leases). This could require DBI to fund all or part of the remediation on an expedited basis.

If DBI is required to remediate the land on which DBT is constructed, these costs are expected to be significant and, at the time remediation is required to be completed, may not be fully recovered from Users under the terms of access to DBT. The cost of remediation is set out in Section 6.9. These factors may significantly impact the cash flows and financial position of DBI.

### 7.1.9. The Terminal's operations may be disrupted

Many events that may disrupt DBT's operations are beyond the control of the Directors and DBI's management. Adverse or disrupted operating conditions which may impact DBT may be caused by a number of events, including:

- a) adverse weather events or natural disasters (such as cyclones, earthquakes, landslides, floods, explosions, fire, terrorist attack), major plant breakdown, pipeline or electricity rupture or other disasters that damage or prevent the use of DBT;
- b) an inability of the Operator to operate DBT as required under its contractual arrangements with DBI (for example, due to employee strikes, financial difficulty or the outbreak or continuation of a pandemic, such as COVID-19);
- c) insufficient or unreliable infrastructure at DBT, such as power;
- d) technical difficulties, including with respect to automated systems and information technology;
- e) major equipment failure (including reclaimers, blending facilities and conveyors);
- f) disruptions in third party infrastructure and operations relating to rail and shipping;
- g) security breaches or terrorist acts;
- h) cyber-attacks that disrupt DBI's operations or result in the dissemination of proprietary or confidential information about DBI to its Users or other third parties; or
- i) industrial disputes and labour shortages.

The occurrence of any of the above factors, and particularly a repeated occurrence or prolonged occurrence, may cause reputational harm to DBT and DBI over the long term. For example, operations at DBT may be interrupted or suspended for an extended period in the event that there is a contractual dispute with the Operator or other third party service providers. While such interruptions would not necessarily give rise to a successful claim by Users of DBT under their contracts (as DBI's revenue under its current take or pay contracts is not dependent on actual throughput and DBI does not bear the risk of force majeure<sup>176</sup> events or liability for the actions of the Operator), DBI may suffer reputational harm which may impact its revenue and business operations long term. In certain circumstances, DBI could also be exposed to reinstatement costs or penalties for regulatory non-compliance.

176. A User may terminate its access agreement if terminal capacity is reduced below 10% of aggregate contracted capacity on a sustained basis and DBT does not commence reinstatement works within a reasonable time.

The cost of repairing or replacing damaged assets may be significant and involve a considerable lead time. Repeated or prolonged interruption may result in temporary or permanent loss of Users, substantial litigation and penalties for regulatory non-compliance. DBI may also be subject to claims from Users to the extent that Users argue that disruption is due to the actions of DBI rather than actions of the Operator.

Moreover, any loss from such events may not be recoverable under relevant insurance policies. Business interruption insurance is not always available, or economic, to protect the business from these risks.

#### **7.1.10. The Terminal is not the only export terminal in Queensland**

There are a number of other coal terminals which operate in Queensland and may be an alternate option if the User chooses to export its coal via an alternate terminal. These terminals are located at Hay Point, Gladstone and Abbot Point and are accessible from the majority of coal mines in the Bowen Basin (although the User may be subject to increased transportation costs when compared to the cost of transporting coal from the relevant User's mine to DBT). There is also a risk that new coal terminals may enter the market in Queensland or existing coal terminals may expand their operations or change the customers it is willing to accept, resulting in increased or excess capacity in the market.

The actions of the operators of other coal terminals in Queensland may impact on DBI, which impact is expected to be more pronounced if DBI is no longer regulated as a "declared service". For example, price competition may develop by competitors and this may impact DBI's ability to generate revenue. Existing take-or-pay contracts may not be renewed or contracted tonnages may be reduced if price competition develops in the market. If DBI is unable to replace Users who terminate or do not renew their contracts, DBI's revenue may be reduced.

A deterioration in DBI's position in the market may also result in a loss of key management or a loss of market share which could have an adverse effect on DBI's business, operational performance and financial results.

#### **7.1.11. DBI's business depends on its ability to maintain the leases over DBT**

The land on which DBT is located is held under leases with a term expiring on 14 September 2051, with an option to extend for a further 49 years. The DBT Leases are key assets of DBI's business and its ability to continue operations will be materially adversely impacted if the DBT Leases were to be terminated for any reason.

The DBT Leases can be terminated by the Lessor in certain circumstances outlined in Section 11.7.8 including default by DBI in its payment obligations, certain insolvency events relating to the Group and unremedied breach of certain provisions of the DBT Leases, including the assignment and change in control provisions.

The DBT Leases contain restrictions on who may have an ownership interest in DBI without the consent of the Lessor. In particular, customers of DBT and entities in a business which is related to handling, storage or transportation of goods are not permitted to acquire an interest in DBI or increase an existing interest without the Lessor's consent. There are provisions in the Constitution that will assist DBI to comply with these obligations. However, there is a risk that DBT Leases could be terminated by the Lessor if DBI is unable to rectify an ownership breach within 60 days after becoming aware of such breach and this would have a significant and adverse effect on DBI's business, operational performance and financial results.

#### **7.1.12. Management and key employees**

The successful operation and growth of DBI depends on the ability to attract, train, motivate and retain key management, as well as the performance and expertise of management. Any difficulties in attracting and retaining or replacing key management or changes that adversely affect key management could materially impact DBI's business, operational performance and financial results.

Additionally, changes to the key management of the Operator or inability of the Operator to attract and retain skilled employees could adversely impact on the throughput of DBT and therefore the business operations of DBI beyond the term of current User contracts.

## 7. Risks (continued)

### 7.1.13. Financial and funding risks

Certain Group members (being DBT Finance, DBIM and DBT Trustee (each a **Transaction Party**)) have a significant amount of debt. The terms of the debt generally require the Transaction Parties to comply with financial covenants and certain positive and negative covenants. The ability of the Transaction Parties to meet their debt service obligations and repay their outstanding debt will depend primarily on the cash produced by the DBT business. Given the relatively high levels of debt, there is a risk that the Transaction Parties will not generate sufficient cash to cover outstanding debt service obligations, which may result in the Transaction Parties being unable to repay their debt and lead to insolvency or enforcement of security, or to refinance a portion or all of their debt or obtain additional financing on terms that are not as favourable. The cost to service this debt influences the profit of DBI and the distributions that it can make to holders of the Stapled Securities.

Under the terms of the various debt arrangements to which the Transaction Parties (and others) are parties (including the 2021/22 Debt, defined below), it is subject to various financial covenants and restrictions, including in relation to distributions. These covenants and restrictions may, for example, require certain Group members to obtain or maintain a certain credit rating or otherwise prohibit transactions which may result in a change of control of DBIM and the DBT Trust without the consent of the lenders. A summary of the change of control restrictions is found in Section 11.7.10. If there is a breach of these covenants, the relevant lenders may require their loans to be repaid immediately or result in the enforcement of security or cancellation of the further availability of their facilities.

Senior debt of the Transaction Parties will need to be refinanced at varying maturity dates. In the short term, this includes a significant amount of indebtedness that matures in 2021 and 2022. In particular:

- a) the A\$350,000,000 Syndicated Facility Agreement between the Transaction Parties and the Australia and New Zealand Banking Group Limited (as Lender and Mandated Lead Arranger, Underwriters and Bookrunners) and Westpac Banking Corporation (as Lender, Mandated Lead Arranger and Underwriters and Bookrunners and Agent) matures on 17 March 2021 (**A\$350m Syndicated Facility**). It is proposed that all amounts outstanding under the A\$350m Syndicated Facility will be repaid in full in December 2020 out of the proceeds of the 2020 USPP;
- b) A\$230,000,000 of the original A\$680,000,000 MTN programme guaranteed by Assured Guaranty Corp. (as assigned from Syncora Guarantee Inc (formerly XL Capital Assurance Inc)) matures on 9 June 2021 (**A\$680m MTN**). It is proposed that all amounts outstanding under Tranche B of the A\$680 MTN (being A\$230,000,000) will be redeemed in full in December 2020 out of the proceeds of the 2020 USPP;
- c) the bank guarantee facility between certain Group members and Westpac Banking Corporation (as Lender) matures on 31 October 2021 (**BG Facility**);
- d) the A\$200,000,000 Syndicated Revolving Facility between the Transaction Parties, The Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch and National Australia Bank Limited (each as a Lender) and Australia and New Zealand Banking Group Limited (as a Lender and the Agent) matures on 6 June 2022 (**A\$200m Syndicated Facility**);
- e) the bilateral revolving facility between certain Group members and Australia and New Zealand Banking Group Limited (as Financier) matures on 20 September 2022, noting that DBT Finance has the option to request an extension of the maturity on 20 September of each year provided its request is made not less than 60 days prior to maturity. The financier has sole discretion to accept the request no earlier than 20 days prior to the maturity date (**\$A60m Facility**); and
- f) the A\$200,000,000 notes programme guaranteed by FIGIC UK matures on 12 December 2022 (**A\$200m Notes**). It is proposed that all amounts outstanding under the A\$200m Notes will be redeemed in full in December 2020 out of the proceeds of the 2020 USPP and existing undrawn revolving bank lines,

(together, the **2021/22 Debt**).

The terms on which the 2021/22 Debt and other debt may be refinanced may affect the financial performance of the Transaction Parties and DBI's ability to pay distributions to Securityholders. If acceptable terms cannot be agreed on or before maturity, dividends, distributions and other payments by the Group to DBI may be diminished or delayed or cease, which could reduce the amount of cash available for distribution by DBI to Securityholders. A summary of the debt maturity dates is found in Section 11.7.10.1 and the material contract summary in Section 11.7.

Depending on the liquidity of global credit markets, the ability of DBI and the Transaction Parties to obtain new funding or refinance in the future may be significantly reduced. If the Transaction Parties are unable to obtain sufficient funding, including due to banking and capital market conditions generally, or due to factors specific to their business, they may not have sufficient cash to meet their ongoing capital requirements, which in turn could require DBI to issue additional securities or materially and adversely affect its financial condition. Failure to obtain sufficient financing could cause delays or abandonment of expansion plans and have a material adverse effect on DBI's and the Transaction Parties' business, operations and financial condition or may result in the Transaction Parties being unable to repay their debt and to insolvency.

Recently, certain financial institutions, investment managers and insurance companies globally have responded to pressure to take actions to limit or divest investments in, financing made available to, and insurance coverage provided for, companies which derive a majority of their revenue from fossil fuel reserves. These policies may impact on the availability or terms of financing, insurance and capital to DBI (as well as availability or terms of capital to the Users) which may halt or reduce any expansion proposals. This could limit future revenues and cash flows and potentially limit cash available for distribution to DBI and its Securityholders.

#### **7.1.14. Interest rate, rating and currency risks**

DBI may be exposed to adverse interest rate and currency movements, which increase the cost of debt and the financial risks inherent in its business. The Transaction Parties are significant users of debt, which increases earnings' sensitivity to interest rate and currency movements. Interest rate risk is the risk that a change in the interest rates on the Transaction Parties' borrowing facilities will have an adverse impact on financial performance, investment decisions and Securityholder returns. There is no assurance that DBI's hedging strategies from time to time will be effective in limiting the costs of its debt.

DBI's ability to raise capital and funding and other aspects of its performance may be affected if DBT Finance fails to maintain its credit rating. Credit ratings agencies may withdraw, revise or suspend credit ratings or change the methodology by which they assign credit ratings. Such changes could adversely affect the market price, liquidity and performance of the Stapled Securities.

#### **7.1.15. Single asset risk**

An investment in DBI is an investment in the single asset of DBT, not a diversified portfolio of assets, and DBI's ability to diversify its investments in the future may be limited. As described in Section 7.1.9, DBT is particularly vulnerable to events (such as weather events and other natural disasters or other events which may cause underperformance of DBT) which may destroy, damage or significantly disrupt DBT. Any such events may be uninsurable or cannot be insured in full or otherwise cause loss to DBI which it cannot fully recover.

There is also a concentrated regulator risk, as an action of the QCA or Queensland Treasurer can significantly impact the operations of DBT and the revenue and performance of DBI.

#### **7.1.16. Insurance**

DBI has insurance coverage for certain risks as outlined in more detail in table in Section 4.13. However, it may become subject to liability, or otherwise suffer loss (whether resulting from business or operational interruption or otherwise) for which it is not insured (or has not sufficiently insured) or cannot insure, including liabilities in respect of past activities.

Should a major uninsured loss be suffered, future financial performance could be materially adversely affected. In addition, insurance may not be or continue to be available at economically acceptable premiums or terms or coverage may be reduced. As a result, the insurance coverage may increase in cost or may not cover the full scope and extent of claims against DBI or losses it may incur. The occurrence of a significant adverse event not fully or partially covered by insurance could have a material adverse effect on DBI's business and operating and financial performance.

## 7. Risks (continued)

### 7.1.17. Litigation

The Group is subject from time to time to litigation, disputes and claims.

DBI may be subject to future litigation, regulatory actions and dispute resolution processes, investigations, inquiries or claims arising from a wide range of possible matters, including with employees and contractors, Operator, Users, regulators and licensors, landholders, competitors or other third parties, as well as in relation to environmental matters, any of which could result in substantial costs, delays, reputational damage, and diversion of the attention of DBI's management.

The adverse determination of any such proceedings could result in, for example, loss of DBI's assets or subject DBI to significant liabilities to third parties, which could have a material adverse effect on DBI's reputation and business and operating and financial performance. Even in cases where DBI may ultimately prevail on the merits of any dispute, it may face significant costs defending its rights, lose certain rights or benefits during any proceeding or suffer reputational damage as a result of its involvement.

### 7.1.18. Workplace health and safety

DBI employees who work on site at DBT are exposed to the risk of accidents that may give rise to personal injury, loss of life, damage to property, disruption to service and economic loss. Any failure by DBI or its third party contractors to safely conduct operations, or to otherwise comply with occupational health and safety requirements, could result in death or injury to staff, contractors or members of the public, criminal prosecution, fines, penalties or compensation for damages as well as reputational damage to DBI.

Regulatory agencies also have the authority, following significant health and safety incidents, such as fatalities, to order DBT to be temporarily or permanently closed. If this were to occur, DBI may be required to incur significant capital expenditure to re-open DBT. In the event that these agencies order the closing of DBT, Users may have a contractual claim against DBI to the extent that the cause of the closure is due to the wilful default of DBI and not due to a default or act of the Operator and a successful contractual claim may result in reduced revenue and financial performance of DBI.

In addition, there is a risk of legislation and regulatory change as a result of increased stakeholder focus on health and safety issues. These changes may increase DBI's exposure arising out of current or former activities or result in increased compliance costs (e.g. through requiring improved monitoring standards).

### 7.1.19. Native title and cultural heritage

The existence of native title in respect of land on which DBT and associated assets are (or in the future may be) located could impact the operation of DBT and its ability to further expand as compliance with the *Native Title Act 1993* (Cth) could be required for future grants, extensions or renewals of tenure. DBI understands that native title is likely to have been extinguished in some areas of current operational significance to DBT. DBI understands that native title has been found to exist in other areas of current operational significance to DBT but this is not expected to impact the ongoing conduct of DBI's operations pursuant to existing rights and interests. Native title risk has not been fully assessed with respect to all possible expansion options. Separate to native title, when dealing with certain land within the current footprint (and, potentially, in connection with expansions), DBI and its contractors will always need to ensure that Aboriginal cultural heritage is protected from harm. Aboriginal cultural heritage may be places or things that are of significance to Aboriginal people in accordance with tradition or culture.

### 7.1.20. Investment in other assets may change the nature of and risks faced by the business

DBI may in the future seek to expand its business beyond DBT. If an expansion of DBI's business does occur, it may take longer, cost more, or be less successful than anticipated.

Moreover, expansions may divert the attention of DBI's management.

Any expansion may expose investors to other risks depending on the nature of the business.



## 7.2. General risks

### 7.2.1. Investment in the Stapled Securities

On Completion, the Stapled Securities will become subject to the general market risk that is inherent in all securities traded on a securities exchange. This may result in fluctuations in the trading price of the Stapled Securities that are not explained by DBI's fundamental operations and activities. There is no guarantee that the price of the Stapled Securities will increase following quotation on the ASX, even if DBI's earnings increase.

Further, there is no guarantee that an active trading market will develop in the Stapled Securities. There may be relatively few buyers or sellers of the Stapled Securities on the ASX at any time. This may increase the volatility of the market price of the Stapled Securities. It may also affect the prevailing market price at which Securityholders are able to sell their Stapled Securities. This may result in Securityholders receiving a market price for their Stapled Securities that is less than the price that Securityholders paid.

The Stapled Securities may trade at, above or below the price paid by the investor for those securities due to a number of factors, including, among others:

- general market conditions, including commodity prices and investor sentiment;
- general operational and business risk;
- movements in interest and exchange rates;
- fluctuations in the local and global market for listed stocks, in general or in relation to infrastructure stocks in particular;
- actual or anticipated fluctuations in DBI's interim and annual results and those of other public companies in DBI's industry;
- industry cycles and trends;
- mergers, strategic alliances and general competition in DBI's industry;
- changes in government policy, legislation or regulation;
- potential or actual military conflicts or acts of terrorism;
- the limited trading history of DBI's Stapled Securities;
- changes in accounting principles;
- announcements concerning DBI or its competitors; and
- inclusion in or removal from particular market indices (including S&P/ASX indices).

Other factors that may negatively affect investor sentiment and influence DBI specifically or the stock market more generally include an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks or continuation of disease (including a pandemic, declared or otherwise) or other man-made or natural events.

Stock markets have experienced extreme price and volume fluctuations in the past that are often disproportionate or unrelated to the operating performance of companies. There can be no guarantee that trading prices and volumes of any Stapled Securities will be sustained. These factors may materially affect the market price of the Stapled Securities, regardless of DBI's operational performance. No guarantee can be given by DBI or by the Directors in respect of the payment of distributions, any returns of capital or the market value of Stapled Securities. Such issues are dependent on DBI's performance after listing, the control of costs and the need for working capital and other funding requirements.

### 7.2.2. Securityholders may be diluted by further issuances

DBI may issue more securities in the future in order to fund acquisitions, expansions or investments or to reduce its debt.

While DBI will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period (subject to applicable exceptions), any such capital raisings may dilute the interests of Existing Securityholders.

## 7. Risks (continued)

### 7.2.3. Tax laws may change or may be interpreted adversely

The acquisition and disposal of the Stapled Securities may have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in DBI are urged to obtain independent financial advice about the consequences of acquiring securities (and in particular the Stapled Securities) from a taxation point of view and generally.

To the maximum extent permitted by law, DBI, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of applying for Stapled Securities under this Prospectus.

Tax laws in Australia are complex and are subject to change periodically as is their interpretation by the relevant courts and the tax revenue authorities. The precise scope of any proposed tax laws are not yet known. Changes in tax law (including transfer pricing, goods and services tax (GST), stamp duties and employment taxes), or changes in the way tax laws are interpreted or other adverse tax determinations may impact the tax liabilities of DBI, Securityholder returns, the level of dividend imputation or franking, or the tax treatment of a Securityholder's investment.

In particular, both the level and basis of taxation may change or may differ from DBI's expectations. The tax information provided in this Prospectus is based on current taxation law in Australia as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. Furthermore, the status of some key tax reforms remains unclear at this stage.

In addition, tax authorities may review the tax treatment of transactions entered into by DBI. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, may increase DBI's tax liabilities or expose it to legal, regulatory or other actions.

An interpretation of the taxation laws by DBI which is contrary to that of a revenue authority in Australia may give rise to additional tax payable. In order to minimise this risk, DBI obtains external expert advice on the application of the tax laws to its operations (as applicable).

### 7.2.4. Australian Accounting Standards may change or may be interpreted adversely

DBI prepares its financial statements in accordance with the AAS.

Changes to the AAS are determined by the AASB. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables, may differ. These changes are beyond the control of DBI or the Directors.

Changes to AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially and adversely affect the financial performance and position reported in DBI's financial statements.

### 7.2.5. Force majeure risk

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of DBI (although this is mitigated due to the contracting structure implemented by DBI) and the price of the Stapled Securities. The events include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, cyclones and other adverse weather events, labour strikes, civil wars, pandemics (declared or otherwise) and other natural disasters. DBI has only a limited ability to insure against some of these risks.

#### 7.2.5.1. COVID-19 risk

The outbreak of COVID-19 is impacting global economic markets. Given the rapidly evolving nature of the pandemic, the nature and extent of the effect of the outbreak on DBI's performance remains unknown. DBI's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 (e.g. additional travel bans or quarantining requirements) may adversely impact DBI's or DBT's operations and are likely to be beyond the control of DBI.

### 7.2.6. Expected future events may not occur

Certain statements in this Prospectus constitute forward looking statements, including statements based on current expectations, assumptions, estimates and projections about DBI, DBT, the Access Queue, the QCA review, the industry and regulatory environment in which DBI, Operator and the Users operate, among other things. In some cases, these forward looking statements are identified by words such as “may”, “could”, “believes”, “anticipates”, “estimates”, “expects”, “intends”, “assumes”, “predicts”, “plans”, “will”, “potential”, and other similar words that involve risks and uncertainties.

The forward-looking statements are based on the beliefs of management of DBI as well as assumptions made by them based on information currently available to them. Such forward looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of DBI and the Directors, which may cause the actual results, performance and achievements of DBI to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors should not place undue reliance on such forward-looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by DBI, or any other person referred to in this Prospectus, that a particular outcome or future event is guaranteed.

DBI has no intention to update or revise forward looking statements in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

### 7.2.7. Substantial Securityholder

Following Completion, Brookfield, via a controlled entity BIP may continue to hold up to 49% of the Stapled Securities and will be represented on the Board by Bahir Manios. As such, Brookfield may be in a position to exercise influence over matters requiring the approval of DBI’s Securityholders, including but not limited to the election of Directors and the approval of significant corporate activities (unless prevented from voting under the Corporations Act or ASX Listing Rules). The interests of Brookfield may be different from the interests of DBI and its other Securityholders, and this may adversely affect the price of the Stapled Securities and other Securityholders. Brookfield’s retained securityholding in DBI may also reduce the liquidity of trading in the Stapled Securities. Following Completion, all of the Stapled Securities held by BIP at Completion (**Restricted Stapled Securities**), will be subject to voluntary escrow arrangements for an agreed period as set out in Section 11.7.2. The escrow restrictions are subject to certain exceptions as set out in more detail in Section 11.7.2. The inability of BIP to sell the Restricted Stapled Securities during the Escrow Period may cause, or at least contribute to, limited liquidity in the market for the Stapled Securities. This could affect the prevailing market price at which Securityholders are able to sell their Stapled Securities. Following the end of the Escrow Period described above, Stapled Securities held by BIP will be able to be freely traded on ASX. A significant sale of Stapled Securities by BIP, or the perception that such a sale might occur, could adversely affect the market price of the Stapled Securities.

### 7.2.8. Stapled Securities

Each Stapled Security includes both an ordinary Share in DBI and a DBI Note. While the DBI Notes rank senior to ordinary Shares, they are non-interest bearing and are subordinated to all other creditors of DBI, and can only be held and dealt with together with ordinary Shares in DBI. They provide a means for repayment of capital to holders from time to time if appropriate, but should not be thought of as in any sense a senior investment. Refer to Sections 11.2 and 11.3 for further information regarding the ordinary Shares and the DBI Notes.





## Section 8

# Key People, Interests and Benefits






## 8. Key People, Interests and Benefits

### 8.1. Board

The profiles of each Director are set out below.



The Directors bring relevant experience and skills to the Board, including industry and business knowledge, financial management and corporate governance experience.

Table 8.1: Board

Director/Position	Experience, qualifications and expertise
 <p><b>Hon. Dr David Hamill AM</b> Chair Independent Non-Executive Director</p>	<p>David joined the Group as an independent Non-Executive Director in 2018 and was appointed Chair of the Board in October 2020.</p> <p>He has served as a director on the boards of public and private companies, statutory authorities and not-for-profit and charitable organisations and his experience spans across various sectors including transport, health, utilities and education. David was Treasurer of Queensland (1998-2001), Minister for Education (1995-1996), Minister for Transport and Minister Assisting the Premier on Economic and Trade Development (1989-1995) and served as the Member for Ipswich in the Queensland Parliament (1983-2001).</p> <p>David is an Independent director of Brookfield Business Partners LP, chairperson of the Queensland Bulk Water Supply Authority and chairperson of Act for Kids.</p> <p>He has a Bachelor of Arts degree with Honours from the University of Queensland and attended the University of Oxford as a Rhodes Scholar for his Masters of Arts degree. David was awarded his Doctor of Philosophy from the University of Queensland.</p>
 <p><b>Anthony Timbrell</b> Chief Executive Officer Executive Director</p>	<p>Anthony joined Group in 2008 and was appointed the CEO in 2010.</p> <p>Anthony has 24 years of experience in the coal industry working in major Australian mining houses as well as private companies in marketing and logistics roles. Prior to his appointment as the CEO of DBI, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years.</p> <p>Anthony is the chairperson and director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.</p>
 <p><b>Bahir Manios</b> Non-Executive Director</p>	<p>Bahir joined the Group as a Non-Executive Director in September 2020.</p> <p>Bahir Manios is a Managing Partner and Chief Financial Officer of Brookfield's Infrastructure Group, with overall responsibility for corporate finance, reporting, tax, treasury and investor relations activities.</p> <p>Prior to joining Brookfield in 2004, Bahir worked in the assurance and business advisory practice at one of the big-four accounting firms, where he began his career.</p> <p>Bahir is a graduate of the School of Business and Economics at Wilfrid Laurier University and is a Chartered Professional Accountant.</p>



## 8. Key People, Interests and Benefits (continued)

Director/Position	Experience, qualifications and expertise
 <p><b>Bronwyn Morris</b> <b>AM</b> <i>Independent Non-Executive Director</i></p>	<p>Bronwyn joined the Group as a Non-Executive Director in October 2020.</p> <p>Bronwyn is a chartered accountant and a former partner of KPMG. She has over 25 years' experience on the boards of entities in the publicly listed, unlisted, government and not-for-profit sectors. She has considerable experience with regulated organisations across a number of industry sectors including infrastructure, utilities and financial services.</p> <p>Bronwyn is currently chair of Urban Utilities, president and chair of RACQ, RACQ Insurance and RACQ Bank<sup>177</sup> and is a director of Collins Foods Limited and Menzies Health Institute Queensland. She is the immediate past chair of the Queensland Council of the Australian Institute of Company Directors.</p> <p>Bronwyn has a Bachelor of Commerce majoring in Accounting from the University of Queensland and is a Fellow of both the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.</p>
 <p><b>Dr Eileen Doyle</b> <i>Independent Non-Executive Director</i></p>	<p>Eileen joined the Group as a Non-Executive Director in October 2020.</p> <p>Eileen has more than 30 years of experience in innovation in large companies, small to medium sized enterprises and start-ups. Eileen was previously a director of Boral Ltd, GPT Ltd, OneSteel Ltd and Bradken Ltd. She is the past chair of Port Waratah Coal Services and Deputy chair of CSIRO. She is presently a director of Oil Search Ltd and NextDC Ltd.</p> <p>Eileen holds a PhD in Applied Statistics from the University of Newcastle. She was Australia's first Fulbright Scholar in Business Management for which she attended Columbia University. She is a Fellow of The Australian Institute of Company Directors and a Fellow of the Australian Academy of Technology and Engineering.</p>




The composition of the Board Committees and a summary of its key corporate governance policies are set out in Section 8.4 and Section 8.5.

<sup>177</sup> She will retire as chair of RACQ, RACQ Insurance and RACQ Bank on 17 November 2020 on completion of her three year term, but remain a director of these entities.




## 8.2. Management

Profiles of the key members of DBI's executive management team are set out in the table below.

**Table 8.2: DBIM team**

Manager/Position	Experience, qualifications and expertise
 <p><b>Anthony Timbrell</b> Chief Executive Officer Executive Director</p>	See Section 8.1 above.
 <p><b>Stephanie Commons</b> Chief Financial Officer</p>	<p>Stephanie joined the Group in 2006 and was appointed Chief Financial Officer in 2015.</p> <p>Stephanie has more than eight years of experience in corporate finance and corporate restructuring. She has also held consulting and management roles for international corporates and advisory firms. Stephanie has been a member of the Institute of Chartered Accountants since 1994.</p> <p>Stephanie received a Bachelor of Science (Computing) from the University of Queensland and a Bachelor of Business – Accountancy (with Distinction) from the Queensland University of Technology.</p>
 <p><b>Peter Wotherspoon</b> Project Director</p>	<p>Peter joined the Group in 2001.</p> <p>Peter has experience in managing construction projects spanning more than thirty years. Peter has been involved in DBT expansions since the Stage 3 Expansion in 1997 (which completed in 1999).</p> <p>Peter holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma in Administration both from the University of Technology, Sydney.</p>

## 8. Key People, Interests and Benefits (continued)

Manager/Position	Experience, qualifications and expertise
 <p><b>Jonathan Blakey</b> General Manager – Commercial &amp; Regulation</p>	<p>Jonathan joined the Group in 2010.</p> <p>Prior to joining the Group, Jonathan led the Treasury Accounting team at Suncorp Bank. Jonathan is responsible for DBI's commercial and regulatory matters, corporate transactions and strategic planning. Jonathan has been a member of CPA Australia since 2005.</p> <p>Jonathan received a Bachelor of Commerce (Accountancy) and a Bachelor of Business Management (Management &amp; Organisations) from the University of Queensland.</p>
 <p><b>Jesse Knight</b> General Manager – Operations</p>	<p>Jesse joined the Group in 2002.</p> <p>Jesse has a deep understanding of DBT, the Dalrymple Bay supply chain and the DBT Access regime.</p> <p>Jesse holds a Bachelor of Information Technology and a Masters of Business Administration (Maritime and Logistics Management).</p>
 <p><b>Rebecca O'Donnell</b> General Manager – Risk, Governance &amp; Sustainability</p>	<p>Rebecca joined the Group in 2003.</p> <p>Rebecca is responsible for ensuring best practice in governance, risk management, compliance and sustainability for DBI.</p> <p>Rebecca holds a Bachelor of Commerce from the University of Queensland and has been a member of the Institute of Chartered Accountants since 1998.</p>

## 8.3. Interests and benefits

This Section 8.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director of DBI;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of DBI; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of DBI;
- property acquired or proposed to be acquired by DBI in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Stapled Securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of DBI or the Offer or to any Director to induce them to become, or qualify as, a Director of DBI.

### 8.3.1. Interest of advisers

DBI has engaged the following professional advisers in relation to the Offer:

- Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd, and Credit Suisse (Australia) Limited have acted as Joint Lead Managers to the Offer. DBI has agreed to pay the Joint Lead Managers the fees described in Section 11.7.1 for these services;
- Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited have each acted as Co-Lead Managers to the Offer. The Joint Lead Managers have paid, or agreed to pay, each of Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited the fees described in Section 11.7.1.1;
- Crestone Wealth Management Limited and Wilsons Corporate Finance Limited have each acted as Co-Managers to the Offer. The Joint Lead Managers have paid, or agreed to pay, each of Crestone Wealth Management Limited and Wilsons Corporate Finance Limited the fees described in Section 11.7.1.1;
- Herbert Smith Freehills and Herbert Smith Freehills LLP has acted as Australian legal adviser and special United States legal adviser respectively (other than in relation to taxation) to DBI in relation to the Offer. DBI has paid, or agreed to pay, approximately \$2.5m (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills or Herbert Smith Freehills LLP in accordance with its normal time-based charges;
- Deloitte Corporate Finance Pty Limited has acted as Investigating Accountant to DBI and has prepared the Investigating Accountant's Reports included in Section 10. DBI has paid, or agreed to pay, approximately \$0.8m (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to the Investigating Accountant in accordance with its normal time-based charges;
- PricewaterhouseCoopers has provided tax due diligence services and has acted as taxation adviser to DBI in relation to the Offer. DBI has paid, or agreed to pay, approximately \$1.4m (excluding disbursements and GST) for these services up to the Prospectus Date. Further amounts may be paid to PwC Tax Services in accordance with its normal time-based charges; and
- AME Consulting Limited has provided information for inclusion in this Prospectus. DBI has paid, or agreed to pay, approximately \$0.1m (excluding disbursements and GST) for these services up to the Prospectus Date.

These amounts, and other expenses of the Offer, will be paid from the proceeds of the Offer.

Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 9.1.3.

## 8. Key People, Interests and Benefits (continued)

### 8.3.2. Directors' interests and remuneration

#### 8.3.2.1. Chief Executive officer

The Group has entered into an employment agreement with Anthony Timbrell to govern his employment with the Group. Anthony Timbrell is employed in the position of Chief Executive Officer of the Group.

#### 8.3.2.2. Non-Executive Director remuneration

Under the Constitution, the Board may decide the remuneration from DBI to which each Director is entitled for his or her services as a Director, but the total aggregate amount provided to all Non-Executive Directors of DBI for their services as Directors must not exceed in any financial year the amount fixed by DBI in general meeting. This amount has been fixed by DBI at \$900,000 per annum.

Any change to that aggregate annual sum needs to be approved by Securityholders.

As at the Prospectus Date, the annual Non-Executive Directors' base fees and committee fees agreed to be paid by DBI (inclusive of any superannuation payable) are as follows:

- Base fee of \$200,000 per annum to the Chair, with the Chair receiving no fees for being a member or chairperson of any sub committees of the Board;
- Base fee of \$100,000 per annum to each other Non-Executive Director;
- Fee of \$20,000 per annum to the Finance and Audit Committee chair;
- Fee of \$20,000 per annum to the Compliance, Risk and Sustainability Committee chair;
- No fee payable to the Governance, Remuneration and Nomination Committee chair;
- Fee of \$10,000 per annum for each Non-Executive Director who is a member of the Finance and Audit Committee;
- Fee of \$10,000 per annum to each Non-Executive Director who is a member of the Compliance, Risk and Sustainability Committee; and
- Fee of \$10,000 per annum for each Non-Executive Director who is a member of the Governance, Remuneration and Nomination Committee.

The Brookfield nominee Non-Executive Director (currently Bahir Manios) will not be paid any Director fees or Committee fees whilst he is a full-time executive of Brookfield.

In subsequent years, these figures may vary.

The Directors are entitled to be paid all travelling and other expenses they incur in attending to DBI's affairs, including attending and returning from general meetings of DBI or meetings of the Board or of committees of the Board. Such amounts will not form part of the aggregate remuneration amount approved by Securityholders.

Any Director who performs extra services, makes any special exertions for the benefit of DBI or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of DBI. Any amount paid will not form part of the aggregate remuneration amount approved by Securityholders.

David Hamill, Bronwyn Morris and Eileen Doyle have each been paid (or have accrued) \$2,000 for each due diligence committee meeting attendance in the preparatory period before the IPO, having regard to time spent familiarising themselves with the Company's business and participating in these due diligence activities.

#### 8.3.2.3. Deeds of access, insurance and indemnity

DBI has entered into deeds of indemnity, insurance and access with each Director and intends to maintain Directors' and Officers' liability insurance on behalf of the Directors. Each deed contains a right of access to certain books and records of DBI and its related bodies corporate for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the Constitution, DBI must indemnify Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of DBI or a related body corporate. Under the deeds of indemnity, insurance and access, DBI indemnifies each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of DBI or of a related body corporate.



Pursuant to the Constitution, DBI may purchase and maintain insurance for each Director and executive officer of DBI to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of DBI or a related body corporate. Under the deeds of indemnity, insurance and access, DBI must maintain such insurance for each Director while they are a director and for a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

#### **8.3.2.4. Directors' interests in Stapled Securities**

The Directors are not required by the Constitution to hold any Stapled Securities. However, DBI has adopted a minimum securityholding requirement (**MSR**) that requires:

- the CEO to hold Stapled Securities or Rights equivalent to 100% of total fixed remuneration (**TFR**) within five years from Listing; and
- the CFO to hold Stapled Securities or Rights equivalent to 50% of TFR within five years from Listing (based on the listing price and TFR at the time of Listing).

The Directors (and their associated entities) do not have any interests in the Stapled Securities or other securities of DBI as at the Prospectus Date, and will not have such interests as at Completion of the Offer (subject to any further acquisitions of Stapled Securities under the Offer or as otherwise disclosed in the Prospectus). It has been agreed that the Directors may subscribe for up to \$500,000 worth of the Stapled Securities (in aggregate) under the Offer, at the Offer Price and otherwise in accordance with the terms of the Priority Offer under the Prospectus.

#### **8.3.2.5. Cornerstone Commitments**

As part of the Offer, the Strategic Assets Investment Fund (SAIF), a sub-fund of the Backing Queensland Business Investment Fund, advised by QIC, has agreed to acquire 9.99% of the Stapled Securities at the offer price of \$2.57 per Stapled Security, reflecting a total investment of approximately \$128.47m.

SAIF will receive a commitment fee equal to 4.0% of the amount invested on completion of Offer, payable out of the proceeds of the Offer (and on the basis that this fee, like other Transaction Costs, will be netted from the proceeds received by the Existing Shareholders under the Restructure arrangements, such that they are ultimately borne by the Existing Shareholders). SAIF's investment in DBI reflects the significant role DBI plays in the Queensland economy and the Mackay region, as critical infrastructure linking Queensland mines with global steelmaking export markets. It also supports the next phase of DBI's growth that will deliver important jobs and economic development in regional Queensland.

## 8. Key People, Interests and Benefits (continued)

### 8.3.3. Executive remuneration

#### 8.3.3.1. Chief Executive Officer

Term	Description
Employer	Anthony Timbrell is employed by DBIM.
Total fixed remuneration	Anthony is entitled to receive a TFR of \$750,000 gross per annum (which is inclusive of superannuation).
Other benefits	Anthony is eligible to receive other benefits, including a mobile phone and laptop computer.
Short term incentive (STI)	<p>Anthony is eligible to participate in DBI's new STI arrangements from Listing on the following basis:</p> <ul style="list-style-type: none"> <li>the amount of the STI award that Anthony becomes entitled to each year (if any) will be determined by the Board based on the achievement of set performance targets;</li> <li>performance will be measured on an annual basis based on the audited results for the financial year (other than in respect of the first financial year after Listing, where performance will be measured for the period from Listing to 31 December 2021);</li> <li>for FY2021, Anthony will be eligible to receive a STI award of up to 56.67% of his annual TFR if targets are met. Performance targets will include financial targets (60%) based on EBITDA and distributions, and individual targets (40%) relating to strategic priorities, sustainability, people and culture; and</li> <li>in addition, the STI will be subject to a gateway hurdle, meaning that, in FY21, if DBI does not achieve prospectus EBITDA and distribution forecasts, no STI award will be payable. After FY21, it is intended that gateway hurdles will be based on distribution guidance and environmental sustainability performance.</li> </ul> <p>If Anthony becomes entitled to receive a STI award, 50% will be delivered in cash, and 50% will be deferred into cash-settled security rights for 12 months, with cash on vesting to be used to purchase Stapled Securities to the extent the MSR is not met. Further information on the deferred STI arrangements is contained in Section 8.3.4.2.</p>
Long term incentive	Anthony is entitled to receive a FY21 LTI award, which is approximately equal to 56.67% of his annual TFR, subject to the satisfaction of performance conditions determined by the Board. Further information on the LTI arrangements is contained in Section 8.3.4.3.
Fundamental change	Where there is a fundamental change in relation to Anthony's employment, and this is not remedied within a prescribed period, he can give notice and be entitled to receive 12 months' TFR in lieu of notice.
Termination	<p>Anthony's employment may be terminated by either party upon giving twelve (12) months' written notice. In either event, DBIM may make payment in lieu of notice. However, no notice is required for termination of employment in certain circumstances, including serious misconduct.</p> <p>If Anthony's employment terminates as a result of genuine redundancy, he is entitled to receive a severance payment of six (6) months TFR, plus one week's TFR per year of completed service (capped at 52 weeks), inclusive of any redundancy payments payable in accordance with legislation.</p> <p>Anthony will also be entitled to receive any other payments required to be paid in accordance with legislation, including accrued leave entitlements.</p> <p>DBIM makes contributions on Anthony's behalf to a complying superannuation fund in accordance with relevant superannuation legislation and his terms of employment.</p>
Restraint	Anthony is subject to non-solicitation and non-competition restraints which operate for a period of twelve (12) months after the cessation of Anthony's employment. The enforceability of the restraint clause is subject to all usual legal requirements.

### 8.3.3.2. Chief Financial Officer

Term	Description
Employer	Stephanie Commons is employed by DBIM.
Total fixed remuneration	Stephanie is entitled to receive a TFR of \$450,000 per annum (which is inclusive of superannuation).
Other benefits	Stephanie is eligible to receive other benefits, including a mobile phone and laptop computer.
Short term incentive	<p>Stephanie is eligible to participate in DBI's new STI arrangements from Listing on the following basis:</p> <ul style="list-style-type: none"> <li>the amount of the STI award that Stephanie becomes entitled to each year (if any) will be determined by the Board based on the achievement of set performance targets;</li> <li>performance will be measured on an annual basis based on the audited results for the financial year (other than in respect of the first financial year after Listing, where performance will be measured for the period from Listing to 31 December 2021);</li> <li>for FY2021, Stephanie will be eligible to receive a STI award of up to 50.0% of her annual TFR if targets are met. Performance targets will include financial targets (60%) based on EBITDA and distributions, and individual targets (40%) relating to strategic priorities, sustainability, people and culture;</li> <li>in addition, the STI will be subject to a gateway hurdle, meaning that, in FY21, if DBI does not achieve prospectus EBITDA and distribution forecasts, no STI award will be payable. After FY21, it is intended that gateway hurdles will be based on distribution guidance and environmental sustainability performance; and</li> <li>if Stephanie becomes entitled to receive a STI award, 50% will be delivered in cash, and 50% will be deferred into cash-settled security rights for 12 months, with cash on vesting to be used to purchase Stapled Securities to the extent the MSR is not met. Further information on the deferred STI arrangements is contained in Section 8.3.4.2.</li> </ul>
Long term incentive	Stephanie is entitled to receive a FY21 LTI award, which is approximately equal to 50.0% of her annual TFR, subject to the satisfaction of performance conditions determined by the Board. Further information on the LTI arrangements is contained in Section 8.3.4.3.
Termination	<p>Stephanie's employment may be terminated by either party upon giving six (6) months' written notice. In either event, DBIM may make payment in lieu of notice. However, no notice is required for termination of employment in certain circumstances, including serious misconduct.</p> <p>If Stephanie's employment terminates as a result of genuine redundancy, she is entitled to receive a severance payment of six (6) months TFR, plus one week's TFR per year of completed service (capped at 52 weeks), inclusive of any redundancy payments payable in accordance with legislation.</p> <p>Stephanie will also be entitled to receive any other payments required to be paid in accordance with legislation, including accrued leave entitlements.</p> <p>DBIM makes contributions on Stephanie's behalf to a complying superannuation fund in accordance with relevant superannuation legislation and her terms of employment.</p>
Restraint	Stephanie is subject to non-solicitation restraint and non-competition restraints which operate for a period of six (6) months after the cessation Stephanie's employment. Enforceability of the restraint clause is subject to all usual legal requirements.

## 8. Key People, Interests and Benefits (continued)

### 8.3.3.3. Termination benefits

Any payments made to the members of senior management upon termination may be subject to the termination benefits cap under the Corporations Act. The Securityholders of DBI and DBIM have approved the provision of benefits on cessation of employment to current and future members of KMP of DBI and its related bodies corporate, including the benefits summarised in Section 8.3.4 below.

### 8.3.4. Employee incentive plans

#### 8.3.4.1. Executive Incentive Plan (EIP)

DBI will establish an EIP to assist in the motivation, reward and retention of KMP and certain senior management from time to time. The EIP is designed to align the interests of KMP and certain senior executives with the interests of Securityholders by providing an opportunity for employees to receive an equity interest in DBI. The EIP will be used to deliver deferred STI and LTI awards.

The key features of the EIP are outlined in the table below:

Term	Description
Eligibility	Offers may be made at the Board's discretion to employees of DBI or any other person that the Board determines to be eligible to receive a grant under the EIP.
Types of securities	DBI may grant cash-settled rights, subject to the terms of individual offers. Cash-settled rights are an entitlement to receive a cash payment subject to the satisfaction of applicable conditions.
Offers under the EIP	Under the EIP, the Board may make offers at its discretion, subject to any requirements for Securityholder approval. The Board has the discretion to set the terms and conditions on which it will offer incentives in individual offer documents. An offer must be accepted by the participant and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a right under the EIP.
Vesting	Vesting of the incentives is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the EIP rules and the terms of the specific offer document, incentives will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Cessation of employment	Under the EIP rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The EIP rules provide the Board with broad clawback powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	The Board may determine that all or a specified number of a participant's incentives will vest where there is a change of control event in accordance with the EIP rules.
Reconstructions, corporate action, rights issues, bonus issues etc.	The EIP rules include specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealing	Prior to vesting, the EIP rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives.
Other terms	The EIP contains customary and usual terms for dealing with administration, variation, suspension and termination of the EIP.

#### 8.3.4.2. Deferred STI arrangements

If the applicable performance targets for annual STI awards are met, 50% of a KMP's STI award will be delivered in cash, and 50% will be deferred into cash-settled security rights for 12 months, with cash on vesting to be used to purchase Stapled Securities to the extent the MSR is not met.

The EIP described above will be used to deliver deferred STI awards to KMP.

The following table summarises the proposed terms that will apply to the FY2021 STI awards:

Term	Description
Participants	Awards will be made to the CEO and the CFO. STI awards are not being made to Non-Executive Directors.
Grant date	The awards will be made shortly after the Group's FY2021 full year results have been released to the market.
Grant of rights and quantum of grant	The number of rights to be granted to each participant will be determined by dividing the deferred component of any STI award that they become entitled to receive by the volume weighted average price of Stapled Securities traded on the ASX during the 10 trading days following the release of the Group's annual results.
Issue price	The rights will be issued for nil consideration.
Deferral period and vesting conditions	<p>After the STI outcome for the year has been determined, 50% of the outcome is paid in cash with the pay run following release of full-year audited results. The remaining 50% is deferred into cash-settled rights for a period of 12 months from the date of allocation. On vesting, rights are automatically exercised and settled in cash. For each vested and automatically exercised cash-settled right, the participant will be paid an amount equal in value to the volume weighted average price of Stapled Securities traded on the ASX on the exercise date, plus an additional amount equal in value to the distributions per Stapled Security determined by the Board during the period from grant to vesting and exercise.</p> <p>If the executive does not meet the MSR at the time of vesting, all or some (as required) of the cash (post-tax) will be utilised to acquire Stapled Securities on market.</p>
Distribution and voting rights	<p>Rights do not carry distribution rights prior to vesting. However, each vested and exercised right entitles the participant to a distribution equivalent payment as described above.</p> <p>Cash-settled rights do not carry voting rights.</p>
Cessation of employment	<p>Unless the Board determines otherwise:</p> <ul style="list-style-type: none"><li>• if a participant's employment is terminated for cause or a participant resigns (or gives notice of their resignation) prior to the vesting date, all of their unvested rights will lapse; and</li><li>• if a participant ceases employment for any other reason prior to the vesting date, a pro rata number of their unvested rights will remain on foot and will be tested in the ordinary course.</li></ul>



## 8. Key People, Interests and Benefits (continued)

### 8.3.4.3. LTI arrangements

The EIP described above will be used to deliver LTI awards.

It is intended that for FY2021 LTI awards in the form of rights will be granted to KMP and certain members of DBI's senior management team, at the discretion of the Board.

The key terms of the FY2021 LTI awards that will be granted under the EIP are summarised in the table below:

Term	Description
Participants	Awards will be made to the CEO and CFO. LTI awards are not being made to Non-Executive Directors.
Grant date and timing of future offers	The FY2021 awards will be granted to participants approximately 3 months after Listing. The grant date in years following Listing will be after release of DBI's full-year results.
Grant of rights and quantum of grant	<p>Participants will receive the LTI component of their award in the form of rights, subject to achievement of performance conditions over the performance period.</p> <p>For each vested and automatically exercised cash-settled right, the participant will be paid an amount equal in value to the volume weighted average price of Stapled Securities traded on the ASX on the exercise date, plus an additional amount equal in value to the distributions per Stapled Security determined by the Board during the period from Listing to vesting and exercise.</p> <p>Rights are automatically exercised on vesting. If a participant has not meet the MSR, the net after-tax proceeds from their exercised rights will be used to acquire Stapled Securities up to the MSR.</p> <p>The number of rights to be granted to each participant in FY21 will be determined by dividing an amount equivalent to, as applicable:</p> <ul style="list-style-type: none"> <li>(i) 56.67% of the CEO's TFR; and</li> <li>(ii) 50.0% of the CFO's TFR,</li> </ul> <p>by the IPO price. In future years, it is intended that the number of rights issued to each participant will be determined by dividing the executive's LTI opportunity by the volume-weighted average price of DBI's Stapled Security, measured over 10 trading days following the release of DBI's full-year results.</p>
Issue price	The rights will be granted at no cost to the participant, and no amount is payable on exercise of the rights if the performance conditions are met.
Performance conditions, performance period and vesting	<p>Vesting of the rights granted to participants will be subject to performance conditions being met.</p> <p>The performance conditions for the 2021 LTI award are as follows:</p> <ul style="list-style-type: none"> <li>• <b>Tranche 1 (50% of LTI award):</b> DBI's risk-adjusted total securityholder return (TSR) performance will be measured from the day of Listing to 31 December 2023; and</li> <li>• <b>Tranche 2 (50% of LTI award):</b> distributable cash flow (DCF) will be measured over the period from Listing to 31 December 2023. DCF is calculated as the net cash flow after operating activities and represents the cash flow available for distribution to securityholders.</li> </ul> <p>Vesting is assessed at the end of the third year.</p>

Term	Description										
Performance conditions, performance period and vesting continued	<b>Tranche 1</b> The risk adjusted TSR performance hurdle measures DBI’s risk-adjusted TSR performance relative to the TSR performance of the companies comprising the S&P/ASX 200 index (as at the day of Listing).  The risk-adjusted TSR is the return on a Stapled Security in excess of what would be expected given its relative riskiness (or beta as determined by capital asset pricing model principles). The excess return of DBI is compared to the excess returns on S&P/ASX 200 index companies over the performance period, to determine its percentile ranking. The level of risk-adjusted TSR growth achieved by DBI over the performance period is given a percentile ranking having regard to its performance versus companies in the peer group. The Board has the discretion to adjust the comparator group, including to take into account acquisitions, mergers or other relevant corporate actions or delistings.  The number of rights that vest in Tranche 1 will be determined by the Board by reference to DBI’s relative ranking in accordance with the following table.										
	<table><tr><th>Relative ranking (percentile)</th><th>% of rights in Tranche 1 that vest</th></tr><tr><td>&lt; 51st percentile</td><td>0%</td></tr><tr><td>51st percentile</td><td>25%</td></tr><tr><td>Between 51st and &lt; 75th percentile</td><td>Pro-rata vesting on a straight-line basis from 25% to 100%</td></tr><tr><td>≥ 75th percentile</td><td>100% (capped at 100%)</td></tr></table>	Relative ranking (percentile)	% of rights in Tranche 1 that vest	< 51st percentile	0%	51st percentile	25%	Between 51st and < 75th percentile	Pro-rata vesting on a straight-line basis from 25% to 100%	≥ 75th percentile	100% (capped at 100%)
	Relative ranking (percentile)	% of rights in Tranche 1 that vest									
	< 51st percentile	0%									
	51st percentile	25%									
	Between 51st and < 75th percentile	Pro-rata vesting on a straight-line basis from 25% to 100%									
	≥ 75th percentile	100% (capped at 100%)									
	<b>Tranche 2</b> The DCF performance hurdle measures the cash flow available for distribution to Securityholders.  The number of rights that vest in Tranche 2 will be determined by the Board by reference to DCF targets in accordance with the following table.										
	<table><tr><th>Aggregate DCF</th><th>% of rights in Tranche 2 that vest</th></tr><tr><td>&lt; 97.5% of target</td><td>0%</td></tr><tr><td>≥ 97.5% of target but &lt;100% of target</td><td>Pro-rata vesting on a straight-line basis from 25% to 50%</td></tr><tr><td>≥ 100% of target but &lt;105% of target</td><td>Pro-rata vesting on a straight-line basis from 50% to 100%</td></tr><tr><td>≥ 105% of target</td><td>100% (capped at 100%)</td></tr></table>	Aggregate DCF	% of rights in Tranche 2 that vest	< 97.5% of target	0%	≥ 97.5% of target but <100% of target	Pro-rata vesting on a straight-line basis from 25% to 50%	≥ 100% of target but <105% of target	Pro-rata vesting on a straight-line basis from 50% to 100%	≥ 105% of target	100% (capped at 100%)
	Aggregate DCF	% of rights in Tranche 2 that vest									
< 97.5% of target	0%										
≥ 97.5% of target but <100% of target	Pro-rata vesting on a straight-line basis from 25% to 50%										
≥ 100% of target but <105% of target	Pro-rata vesting on a straight-line basis from 50% to 100%										
≥ 105% of target	100% (capped at 100%)										
In assessing performance against the performance hurdles, the Board may make any adjustments for abnormal or unusual events that the Board considers appropriate to ensure a fair and equitable outcome.  If any rights do not vest on testing, they will immediately lapse.											
<b>Distribution and voting rights</b>	Rights do not carry distribution rights prior to vesting. However, each vested and exercised right entitles the participant to a distribution equivalent payment as described above.  Rights do not carry voting rights prior to vesting.										
<b>Cessation of employment</b>	Unless the Board determines otherwise: <ul style="list-style-type: none"><li>• if a participant’s employment is terminated for cause or a participant resigns (or gives notice of their resignation) prior to the vesting date, all of their unvested rights will lapse; and</li><li>• if a participant ceases employment for any other reason prior to the vesting date, a pro rata number of their unvested rights will remain on foot and will be tested in the ordinary course.</li></ul>										

## 8. Key People, Interests and Benefits (continued)

### 8.3.4.4. Legacy awards

Anthony Timbrell and Stephanie Commons each have vested but unpaid LTI awards under legacy arrangements. In accordance with the terms governing these arrangements, on Listing, all vested but unpaid amounts will become due and payable in cash to participants. The total value of these awards is anticipated to be \$1,103,377 (but may be higher or lower, depending on the IPO price). This amount represents the vested and unpaid legacy LTI awards owing at 31 December 2019 and an estimate of the full year allocation for year ending 30 December 2020 (even if the IPO occurs before 31 December 2020).

### 8.3.4.5. IPO bonus

Upon Listing:

- Anthony Timbrell is eligible to receive a payment equal to \$250,000 on IPO. He is also eligible to receive further payments if the QCA confirms the light handed approach to regulation in the final Access Undertaking and if DBI becomes unregulated – it is currently anticipated that these payments will be \$384,114 and \$1,018,228 respectively (but may be higher or lower, depending on the IPO price); and
- Stephanie Commons is eligible to receive a payment of up to \$120,000.

## 8.4. Corporate governance

### 8.4.1. Overview

This Section 8.4 explains how the Board will oversee the management of DBI's business. The Board is responsible for the overall corporate governance of DBI.

The Board has created a framework for managing DBI, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for DBI's business and that are designed to promote the responsible management and conduct of DBI.

The main policies and practices adopted by DBI, which will take effect from Listing, are summarised below. Copies of DBI's key policies and the charters for the Board and each of its committees will be available from Listing at [www.dbinfrastructure.com.au](http://www.dbinfrastructure.com.au).

### 8.4.2. ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

DBI is seeking a listing on the ASX. The ASX Corporate Governance Council has developed the fourth edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**), which set out recommended corporate governance practices for entities listed on the ASX in order to assist listed entities achieve good corporate governance outcomes and meet the reasonable expectations of most investors in most situations.

The ASX Recommendations are not prescriptive, but guidelines. Under the ASX Listing Rules, DBI must prepare a corporate governance statement disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where DBI does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and state the reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period. DBI intends to comply with all of the ASX Recommendations from the time of its Listing.

### 8.4.3. Board composition

The Board is comprised of 5 Directors, comprising an Independent Chair, the Chief Executive Officer and 3 Non-Executive Directors (2 of whom are independent).

Detailed biographies of the Board members on Listing are provided in 8.1.

The Board considers a Director to be independent where he or she is free of any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of DBI as a whole rather than an individual Securityholder or other party. The Board reviews the independence of each Non-Executive Director in light of information disclosed to the Board.

The Board Charter sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on the fourth edition ASX Recommendations.

The Board considers that each of David Hamill, Bronwyn Morris and Eileen Doyle is free from any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of DBI and its Securityholders generally and is able to fulfil the role of an Independent Director for the purposes of the ASX Recommendations.

Anthony Timbrell is not considered by the Board to be an Independent Director as he is the Chief Executive Officer of DBI.

Bahir Manios is an executive employed by Brookfield. As Brookfield will be a substantial Securityholder on Completion of the Offer, the Directors consider that this position results in him not being independent. Notwithstanding his role at Brookfield, the Board considers that Mr Manios will add significant value to Board deliberations given his experience and skills.

#### **8.4.4. Board Charter**

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition and process;
- the Board's role and responsibilities; and
- the relationship and interaction between the Board, Board Committees and management.

The Board's role is to:

- represent and serve the interests of Securityholders by overseeing and appraising DBI's strategies, policies and performance. This includes overseeing the financial and human resources DBI has in place to meet its objectives and reviewing management performance;
- protect and optimise DBI's performance and build sustainable value for Securityholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with DBI's values and governance framework (including establishing and observing high ethical standards and demonstrating leadership); and
- ensure Securityholders are kept informed of DBI's performance and major developments affecting its state of affairs.

While the Board retains ultimate responsibility for the strategy and performance of DBI, the day-to-day operation of DBI is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.

The Board collectively, and each Director individually, has the right to seek independent professional advice, subject to the approval of the Chair or the Board as a whole.

#### **8.4.5. Board Committees**

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established a Finance and Audit Committee, a Compliance, Risk and Sustainability Committee and a Governance, Remuneration and Nomination Committee. Other committees may be established by the Board as and when required.

##### **8.4.5.1. Finance and Audit Committee**

Under its charter, the Finance and Audit Committee must consist of a minimum of three members of the Board, only Non-Executive Directors, a majority of independent Directors and an independent chair who is not the Chair of the Board. The Finance and Audit Committee will comprise:

- Bronwyn Morris (chair);
- David Hamill; and
- Bahir Manios.

## 8. Key People, Interests and Benefits (continued)

The Finance and Audit Committee's key responsibilities and functions are to oversee DBI's:

- financial and other periodic corporate reporting;
- relationship with the external auditor and the external audit function generally;
- relationship with the internal audit function;
- processes for identifying and managing financial risk; and
- financial management.

All Non-Executive Directors have a standing invitation to attend Finance and Audit Committee meetings. Other non-committee members, including members of management and the external auditor, may attend meetings of the committee at the invitation of the committee chair.

### 8.4.5.2. Compliance, Risk and Sustainability Committee

Under its charter, the Compliance, Risk and Sustainability Committee must consist of a minimum of three members of the Board, a majority of independent Directors and an independent chair who is not the Chair of the Board. The Compliance, Risk and Sustainability will comprise:

- Eileen Doyle (chair);
- David Hamill; and
- Bahir Manios.

The Compliance, Risk and Sustainability Committee's key responsibilities and functions are to oversee DBI's:

- processes for identifying and managing non-financial risk;
- internal controls and systems;
- processes for monitoring compliance with laws and regulations; and
- sustainability matters.

All Non-Executive Directors have a standing invitation to attend Compliance, Risk and Sustainability Committee meetings. Other non-committee members, including members of management and the external auditor, may attend meetings of the committee at the invitation of the committee chair.

### 8.4.5.3. Governance, Remuneration and Nomination Committee

Under its charter, this committee must consist of a minimum of three members of the Board, only Non-Executive Directors, a majority of Independent Directors, and an independent chair. The Governance, Remuneration and Nomination Committee comprises:

- David Hamill (chair);
- Eileen Doyle;
- Bahir Manios; and
- Bronwyn Morris.

The responsibilities of the Governance, Remuneration and Nomination Committee include:

- monitor significant developments in law and practice related to corporate governance and make recommendations to the Board regarding DBI's corporate governance framework, practices and processes;
- review and recommend to the Board employment and remuneration arrangements for the CEO;
- on the recommendation of the CEO, review and recommend to the Board employment and remuneration arrangements for other members of the senior executive team;
- conduct regular reviews of, and monitor the implementation of, DBI's remuneration framework;
- review and recommend to the Board major changes and developments in DBI's policies and procedures related to remuneration, recruitment, retention, termination, and performance assessment;



- oversee the operation of DBI's employee executive incentive plans and recommend to the Board whether offers are to be made under any of DBI's employee incentive plans in respect of a financial year;
- review and recommend to the Board the criteria for nomination as a director and the membership of the Board more generally;
- review succession plans for the CEO and other members of the senior executive team and identify and recommend to the Board candidates for the position of CEO and other members of the senior executive team where required; and
- assist the Board in relation to the performance evaluation of the Board, its Committees and individual directors.

All Non-Executive Directors have a standing invitation to attend Governance, Remuneration and Nomination Committee meetings. Non-committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

## 8.5. Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which will be available from Listing on DBI's website at [www.dbiinfrastructure.com.au](http://www.dbiinfrastructure.com.au).

### 8.5.1. Anti-bribery and Corruption Policy

DBI is committed to conducting business with honesty and integrity and has zero tolerance for bribery and corruption. DBI has developed an Anti-bribery and Corruption Policy for countering bribery and corruption.

The Anti-bribery and Corruption Policy applies to DBI and its subsidiaries, entities or joint ventures controlled by DBI, all Directors, officers and employees of DBI and temporary workers (which includes non-full-time employees and consultants and contractors that work on our premises). DBI also expects that its business partners (including individuals and corporate entities associated with DBI, who perform services for or on behalf of DBI) will have and comply with similar policies managing bribery and corruption risk, and may require that the Anti-bribery and Corruption Policy apply to any business partner that does not.

The Anti-bribery and Corruption Policy requires that personnel and business partners of DBI to whom the Policy applies must not pay, offer, promise or accept, directly or indirectly, any bribe, kickback, secret commission, facilitation payment, or other form of improper payment, or otherwise breach relevant anti-corruption laws.

The Anti-bribery and Corruption Policy also requires that personnel and business partners of DBI to whom the Policy applies must not:

- offer or give political contributions on behalf of DBI or otherwise in a manner contrary to the Anti-bribery and Corruption Policy;
- solicit or offer any donations which are or could be perceived as bribes or otherwise in a manner contrary to the Anti-bribery and Corruption Policy;
- offer, provide or accept gifts, entertainment or other benefits in a manner contrary to the Anti-bribery and Corruption Policy;
- engage or deal with a business partner in a manner contrary to the Anti-bribery and Corruption Policy;
- enter new business ventures or invest in new companies or countries in a manner contrary to the Anti-bribery and Corruption Policy;
- falsify or mis-describe any books, records or account relating to DBI's business. All transactions should be recorded completely, accurately and with sufficient detail so that the purpose and amount of any such payment is clear; or
- cause or authorise any of the above conduct or any other conduct which is inconsistent with the Anti-bribery and Corruption Policy or any anti-corruption laws.

## 8. Key People, Interests and Benefits (continued)

### 8.5.2. Disclosure policy

Once listed, DBI will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. DBI is aware of its obligation to keep the market fully informed of any information DBI becomes aware of concerning DBI, which may have a material effect on the price or value of DBI's securities, subject to certain exceptions. DBI has adopted a Disclosure Policy to take effect from Listing to reinforce its commitment to addressing its continuous disclosure obligations and to describe the processes in place that enable DBI to provide Securityholders with the timely disclosure of material price-sensitive information.

### 8.5.3. Communications strategy

DBI communicates openly and honestly with its Securityholders and aims to keep them informed of major developments affecting the state of affairs of DBI. DBI recognises that potential investors and other interested stakeholders may wish to obtain information about DBI from time to time. To achieve this, DBI will communicate information regularly to Securityholders and other stakeholders through a range of forums and publications, including DBI's website, at the annual general meeting, and through DBI's annual report and ASX announcements.

### 8.5.4. Securities dealing policy

DBI has adopted a Securities Dealing Policy that is intended to recognise that some types of dealing in securities are prohibited by law and outline the policy and procedures that apply to directors and employees when dealing in DBI's securities.

The policy provides that Directors and employees must not deal in DBI's or another company's securities when they are aware of 'inside' information.

In addition, Directors and employees must not deal in DBI's securities during any of the following blackout periods (except in exceptional circumstances with approval):

- the period from the close of trading on the ASX on 31 December each year until the day following the announcement to the ASX of the full year results;
- the period from the close of trading on the ASX on 30 June each year until the day following the announcement to the ASX of the half year results; and
- any other period that the Board specifies from time to time.

Outside these periods, the Directors and employees must receive prior approval for any proposed dealing in DBI's securities, and in all instances, buying or selling securities is not permitted at any time by any person who possesses 'inside' information.

Directors and employees must not hedge unvested equity remuneration or vested equity subject to holding locks, and must not deal in DBI's securities on a short term basis.

### 8.5.5. Code of conduct

DBI is committed to integrity and ethical standards in all business practices. Accordingly, the Board has adopted a Code of Conduct that outlines how DBI expects its employees and Directors to behave and conduct business in the workplace on a range of issues.

The Code of Conduct is designed to:

- provide a benchmark for professional behaviour;
- support DBI's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences of breaching the Code of Conduct.

#### **8.5.6. Diversity policy**

The Board has approved a Diversity Policy in order to, among other matters, continue to actively facilitate a more diverse and representative management structure and workforce, including to address the representation of women in senior management positions and on the Board. DBI will include in the corporate governance statement each year the measurable objectives set for that reporting period to achieve gender diversity and DBI's progress towards achieving the measurable objectives.

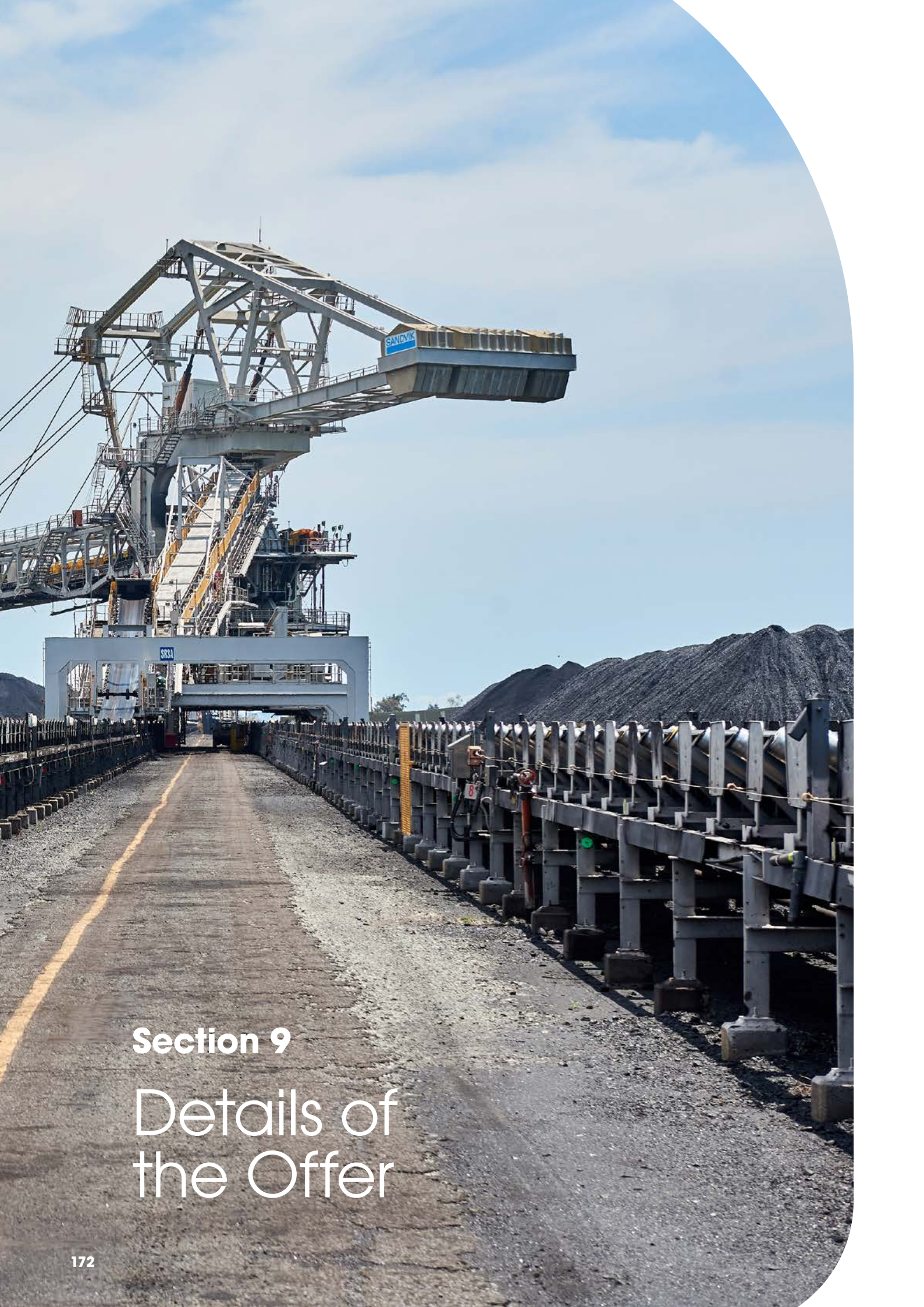
#### **8.5.7. Speak Up policy**

DBI has adopted a Speak Up Policy to provide a means for anyone with information about potential misconduct to report that information to DBI.

The Speak Up Policy:

- encourages people to speak up if they become aware of potential misconduct;
- explains how to speak up and what protections a discloser will receive;
- outlines DBI's processes for responding to speak up reports; and
- promotes a workplace environment in which everyone feels safe, supported and encouraged to "speak up".





## Section 9

# Details of the Offer

## 9. Details of the Offer

### 9.1. The Offer

This Prospectus relates to an initial public offering of Stapled Securities by DBI. Following Completion, Brookfield, via a controlled entity, BIP may hold up to 49% of the Stapled Securities of DBI, but may hold a lesser percentage.

The total proceeds of the Offer will be \$1,286m. The total number of Stapled Securities available under the Offer will be approximately 500 million Stapled Securities.

Following Completion of the Offer, the total number of Stapled Securities on issue will be approximately 500 million Stapled Securities.

Successful Applicants under the Offer will pay the Offer Price.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus or the Institutional Offering Memorandum (as applicable). All Stapled Securities will rank equally with each other.

#### 9.1.1. Structure of the Offer

The Offer comprises:

(a) the Retail Offer, which consists of the:

- (1) Broker Firm Offer, which is open to Australian and New Zealand resident retail or sophisticated non-institutional clients of Brokers who receive a firm allocation of Stapled Securities from their Broker ;
- (2) Priority Offer, which is made to selected investors in Australia and New Zealand determined by DBI who have received a Priority Offer invitation to apply for Stapled Securities;
- (3) Employee Offer, which is open to Eligible Employees who wish to apply for Stapled Securities; and

(b) the Institutional Offer, which consisted of an offer to certain Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world, made under this Prospectus or the Institutional Offering Memorandum (as applicable).

All Stapled Securities being offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.

No general public offer of Stapled Securities will be made under the Offer.

The allocation of Stapled Securities between the Broker Firm Offer and the Institutional Offer, and among Brokers and participants in the Institutional Offer, will be determined by agreement between DBI and the Joint Lead Managers. The allocation of Stapled Securities to participants in the Priority Offer and Employee Offer will be determined by DBI after consultation with the Joint Lead Managers. DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the exercise of its rights under the Underwriting Agreement, including with respect to allocation of the Stapled Securities.

Further details are set out below.

#### 9.1.2. Purpose of the Offer and use of proceeds

The Offer is being conducted to:

- (a) provide the Existing Securityholders with an opportunity to realise all or part of their investment;
- (b) enhance DBI's financial flexibility to pursue its business strategies and identified growth opportunities; and
- (c) create a liquid market for the Stapled Securities.



## 9. Details of the Offer (continued)

### 9.1.3. Sources and uses of Funds

The proposed sources and use of funds are set out below:

Table 9.1: Sources and uses of funds

Sources of funds	A\$m	%	Uses of funds	A\$m	%
Cash proceeds received for Stapled Securities issued under the Offer	1,285.7	100	Repayment of Existing Indebtedness	170.0	13
			Transaction Costs <sup>1</sup>	128.6	10
			Payments to Existing Securityholders	987.1	77
			Net Proceeds to Existing Securityholders	at least 357.1	
			Reinvestment by BIP	up to 630.0	
<b>Total sources</b>	<b>1,285.7</b>	<b>100</b>	<b>Total uses</b>	<b>1,285.7</b>	<b>100</b>

Note:

1. Transaction Costs are comprised of Offer costs and other transaction costs. Costs in relation to the Offer include Joint Lead Managers' and cornerstone fees, legal and accounting due diligence fees, tax and structuring advice, and associated consultancy services. Other transaction costs reflects an estimated stamp duty claw back amount (refer to Section 11.6.1 and 11.17 for further information).

The Directors believe that on Completion of the Offer, DBI will have sufficient working capital available to fulfil the purposes of the Offer and meet DBI's stated business objectives.

### 9.1.4. Other information about DBI and the Offer

Section 6.5.1 sets out a summary of the Statutory Historical Balance Sheet as at 30 June 2020, adjusted for certain pro forma items to take into account the Completion of the Offer. DBI's indebtedness as at 30 June 2020 is set out in Section 6.5.2.

### 9.1.5. Securityholding Structure

The details of the expected ownership of the Stapled Securities at Completion are set out below.

Table 9.2: Securityholding structure

	Stapled Securities held at Completion	
BIP	up to 245m	up to 49%
New Securityholders	at least 255m	at least 51%

BIP may hold up to 49% of the Stapled Securities after Completion, but may hold a lesser percentage.

### 9.1.6. Control implications of the Offer

The Directors do not expect that any Securityholder will control (as defined by section 50AA of the Corporations Act) DBI on Completion.

## 9.2. Terms and conditions of the Offer

Who is the issuer of the Prospectus?	This Prospectus is issued by Dalrymple Bay Infrastructure Limited (ACN 643 302 032).
What is the proposed use of the funds raised under the Offer?	<p>The proceeds received by DBI from the issue of Stapled Securities will be used to:</p> <ul style="list-style-type: none"> <li>• partly repay debt of \$170.0m to align with DBI's target gearing of 75%;</li> <li>• pay the Existing Securityholders, a portion of which may be reinvested by BIP (as outlined in Section 11.6.1); and</li> <li>• pay costs associated with the Offer.</li> </ul>
How is the Offer structured and who is entitled to participate?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>• the Retail Offer consisting of: <ul style="list-style-type: none"> <li>– the Broker Firm Offer, which is open to Australian and New Zealand resident retail or sophisticated non-institutional clients of Brokers who receive a firm allocation of Stapled Securities from their Broker;</li> <li>– the Priority Offer, which is made to selected investors in Australia and New Zealand determined by DBI who have received a Priority Offer invitation to apply for Stapled Securities; and</li> <li>– the Employee Offer, which is open to Eligible Employees who wish to apply for Stapled Securities; and</li> </ul> </li> <li>• the Institutional Offer, which consisted of an offer to certain Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world made under this Prospectus or the Institutional Offering Memorandum, as applicable.</li> </ul> <p>To the extent permitted by law, all Applications under the Offer are irrevocable.</p>
What are Stapled Securities?	<p>A Stapled Security is a Share in DBI and a DBI Note, stapled together so that they cannot be traded separately.</p> <p>A summary of the Stapled Securities and the rights and liabilities attaching to them and their component securities is set out in Sections 11.2 and 11.3.</p>
Who are the Joint Lead Managers for the Offer?	The Joint Lead Managers to the Offer are Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited.
Who are the Co-Lead Managers and Co-Managers for the Offer?	<p>The Co-Lead Managers for the Offer are Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited.</p> <p>The Co-Managers for the Offer are Crestone Wealth Management Limited and Wilsons Corporate Finance Limited.</p>

## 9. Details of the Offer (continued)

Will the Stapled Securities be quoted on the ASX?	<p>DBI will apply to the ASX within seven days of the Prospectus Date for admission to the official list of the ASX and quotation of Stapled Securities on the ASX (which is expected to be under the code DBI). It is anticipated that quotation will initially be on a conditional and deferred settlement basis.</p> <p>Completion of the Offer is conditional upon the ASX approving the admission of DBI to the official list of the ASX and the quotation of the Stapled Securities. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>
Will the Offer be extended into New Zealand?	Yes. All Stapled Securities offered to investors in New Zealand under the Offer are being offered under the Mutual Recognition Regime.

### 9.3. Broker Firm Offer

#### 9.3.1. Who may apply

The Broker Firm Offer is open to retail or sophisticated clients of Brokers who received a firm offer of Stapled Securities from their Broker and who have a registered address in Australia or New Zealand and are not located in the United States and do not act for the account or benefit of a person in the United States. You should contact your Broker to determine whether you can receive an allocation of Stapled Securities under the Broker Firm Offer.

#### 9.3.2. How to apply

If you have received an allocation of Stapled Securities from your Broker and wish to apply for those Stapled Securities under the Broker Firm Offer, you should contact your Broker for information about how to submit your Application Form and for payment instructions.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form.

Broker clients should complete their Application Form and lodge it with the Broker from whom they received their invitation to acquire Stapled Securities under this Prospectus. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is A\$2,000 worth of stapled securities. There is no maximum value of Stapled Securities that may be applied for under the Broker Firm Offer.

DBI, the Joint Lead Managers and the Registry and their respective Affiliates take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer is expected to open on 30 November 2020 and is expected to close at 5.00pm (Sydney time) on 4 December 2020. DBI may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

#### 9.3.3. Payment methods

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

#### **9.3.4. Allocation policy under the Broker Firm Offer**

The allocation of Stapled Securities between the Broker Firm Offer and the Institutional Offer, and among Brokers and participants in the Institutional Offer, will be determined by agreement between DBI and the Joint Lead Managers. DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the allocation of the Stapled Securities.

It will be a matter for each Broker as to how they allocate Stapled Securities among their clients, and they (and not DBI or the Joint Lead Managers or any of their respective Affiliates) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Stapled Securities.

### **9.4. Priority Offer**

#### **9.4.1. Who may apply**

The Priority Offer is open to selected investors in Australia and New Zealand determined by DBI. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Stapled Securities in the Priority Offer. Please follow the instructions in that personalised invitation if you wish to apply for Stapled Securities under the Priority Offer. The Priority Offer is not open to persons in the United States.

#### **9.4.2. How to apply**

Priority Offer Applicants must apply for Stapled Securities by completing the Priority Offer application form. Applicants must comply with the instructions provided in their personalised Priority Offer invitation.

The Priority Offer is expected to open on 30 November 2020 and is expected to close at 5.00pm (Sydney time) on 4 December 2020.

Applications under the Priority Offer must be for a minimum of \$2,000 of Stapled Securities and in multiples of \$500.

#### **9.4.3. Payment methods**

Payments must be made via BPAY®.

It is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (Sydney time) on 4 December 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

#### **9.4.4. Allocation policy under the Priority Offer**

Invitations to apply under the Priority Offer will be made at the absolute discretion of DBI.

The allocation of Stapled Securities among Applicants in the Priority Offer will be determined by DBI after consultation with the Joint Lead Managers. DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the allocation of the Stapled Securities.

### **9.5. Employee Offer**

#### **9.5.1. Who may apply**

Eligible Employees are employees of the Group as at the Prospectus Date who have been employed by the Group for at least 12 months (provided that they have not given or been given notice to terminate their employment at the Prospectus Date). Eligible Employees are eligible to participate in the Employee Offer and will receive a personalised invitation for Stapled Securities on 30 November 2020.

## 9. Details of the Offer (continued)

### 9.5.2. How to apply

Eligible Employees who wish to apply for Stapled Securities under the Employee Offer must apply for Stapled Securities by 4 December 2020. Eligible Employees must comply with the instructions provided in their personalised Employee Offer invitation.

Applications must be received on or before 5.00pm (Sydney time) on 4 December 2020.

Applications under the Employee Offer must be for a minimum of \$2,000 of Stapled Securities and in multiples of \$500 of Stapled Securities thereafter.

### 9.5.3. Payment methods

Payments must be made via BPAY®.

It is your responsibility to ensure that your payment is received by the Registry by no later than 5.00pm (Sydney time) on 4 December 2020. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

### 9.5.4. Allocation policy under the Employee Offer

The allocation of Stapled Securities among Applicants in the Employee Offer will be determined by DBI after consultation with the Joint Lead Managers. DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the allocation of the Stapled Securities.

## 9.6. Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by you to DBI to subscribe for Stapled Securities in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement Prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Stapled Securities to successful Applicants conditional upon the quotation of Stapled Securities on the ASX and Settlement occurring.

DBI and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be allotted Stapled Securities at the Offer Price. Successful Applicants in the Retail Offer will receive the number of Stapled Securities equal to the value of their Application accepted by DBI divided by the Offer Price (rounded down to the nearest whole Stapled Security). No refunds pursuant solely to rounding will be provided.

## 9.7. Application Monies

Application Monies received under the Retail Offer will be held in a special purpose account until Stapled Securities are issued or transferred to successful applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Stapled Securities than the amount applied for (other than solely as a result of rounding), will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by DBI.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of Stapled Securities applied for. If the amount of your payment of Application Monies is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Stapled Securities.



## 9.8. Institutional Offer

The Institutional Offer consisted of an invitation to certain Institutional Investors in Australia and New Zealand and a number of certain other jurisdictions around the world to apply for Stapled Securities. The Joint Lead Managers have or will separately advise Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus or Institutional Offering Memorandum (as applicable) and are at the Offer Price per Stapled Security.

The allocation of Stapled Securities among applicants in the Institutional Offer is being determined by agreement between the Joint Lead Managers and DBI. DBI must comply with any direction of Brookfield Infrastructure (acting on instructions of the Existing Securityholders) in relation to the allocation of the Stapled Securities.

## 9.9. Underwriting Arrangements

The Joint Managers, DBI and DBIH (as guarantor) have entered into the Underwriting Agreement under which the Joint Lead Managers have agreed, subject to certain conditions and termination events, to underwrite Applications for all Stapled Securities under the Offer (other than any which Existing Securityholders or their affiliates have committed to subscribe for) in equal proportions and to manage the Offer. The Underwriting Agreement sets out a number of circumstances in which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 11.7.1.

## 9.10. Voluntary escrow arrangements

Stapled Securities held at Completion by BIP will be subject to voluntary escrow arrangements. Please see Section 11.7.2 for additional details.

## 9.11. Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Stapled Securities or the Offer, or otherwise to permit a public offering of the Stapled Securities, in any jurisdiction outside Australia and New Zealand. This Offer does not constitute an offer or invitation to subscribe for Stapled Securities in any jurisdiction in which, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be released or distributed in the United States or to persons acting for the account or benefit of persons in the United States, unless it is attached to, or constitutes part of, the Institutional Offering Memorandum, and only distributed to persons to whom the Institutional Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Stapled Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States or to persons acting for the account or benefit of persons in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable U.S. securities laws. Offers to any persons in the United States are only being made pursuant to, and in accordance with the terms described in, the Institutional Offering Memorandum.

Each Applicant in the Broker Firm Offer, the Priority Offer and the Employee Offer, as well as each person in Australia or New Zealand to whom the Institutional Offer was made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- (a) it understands that the Stapled Securities have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States or to persons acting for the account or benefit of persons in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable U.S. securities laws;

## 9. Details of the Offer (continued)

- (b) it is not in the United States;
- (c) it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- (d) it will not offer or sell the Stapled Securities in the United States or to persons acting for the account or benefit of persons in the United States or in any other jurisdiction outside Australia and New Zealand except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which Stapled Securities are offered and sold.

Each bidder under the Institutional Offer is required to make certain representations, warranties and undertakings set out in the confirmation of allocation letter distributed to it.

For more information on the other selling restrictions which apply to the Offer, refer to Section 11.9.

### 9.12. Discretion regarding the Offer

DBI may withdraw the Offer at any time before the issue or transfer of Stapled Securities to successful Applicants and bidders. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

DBI also reserves the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant or bidder fewer Stapled Securities than applied for.

### 9.13. ASX listing, registers and holding statements, and conditional and deferred settlement trading

#### 9.13.1. Application to the ASX for listing of DBI and quotation of Stapled Securities

DBI will apply within seven days of the Prospectus Date for admission to the official list of the ASX and quotation of the Stapled Securities on the ASX (which is expected to be under the code DBI).

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit DBI to the official list of the ASX is not to be taken as an indication of the merits of DBI or the Stapled Securities offered under this Prospectus.

If permission is not granted for the official quotation of the Stapled Securities on the ASX within three months after such application is made or DBI does not make such application within seven days of the Prospectus Date (or in each case any later date permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by DBI from time to time), DBI will be required to comply with the ASX Listing Rules.

#### 9.13.2. CHESS and issuer sponsored holdings

DBI has applied to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Stapled Securities become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Stapled Securities of a Securityholder who is a participant in CHESS or a Securityholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Stapled Securities will be registered on the issuer sponsored subregister.

Following Completion, Securityholders will be sent a holding statement that sets out the number of Stapled Securities that have been allocated to them. This statement will also provide details of a Securityholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Securityholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Securityholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Securityholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Registry in the case of a holding on the issuer sponsored subregister. DBI and the Registry may charge a fee for these additional issuer sponsored statements.

### **9.13.3. Conditional and deferred settlement trading and selling Stapled Securities on market**

It is expected that the Stapled Securities will commence trading on the ASX on or about 8 December 2020, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of Applications will be conditional on the ASX agreeing to quote the Stapled Securities on the ASX, and on settlement of the Offer occurring and Stapled Securities being issued under the Underwriting Agreement (**Settlement**). Trades occurring on the ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn after Stapled Securities have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Stapled Securities on the ASX would be cancelled and any Application Monies received would be refunded as soon as possible (without interest).

Conditional trading will continue until DBI has advised the ASX that Settlement has occurred, which is expected to be on or about 9 December 2020. Normal settlement trading is expected to commence on or about 10 December 2020 and holding statements dispatched 11 December 2020.

If Settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Stapled Securities are first quoted on the ASX, the Offer and all contracts arising on acceptance of Applications will be cancelled and of no further effect and all Application Monies will be refunded (without interest). In these circumstances, all purchases and sales made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

To assist Applicants in determining their allocation prior to receipt of a holding statement, DBI will announce details of the basis for allocations on DBI's website. After the basis for allocations has been determined, Applicants will also be able to call the Offer Information Line on 1800 881 047 (within Australia) and +61 1800 881 047 (outside Australia) from 8.30am until 6.00pm (Sydney time), Monday to Friday (excluding public holidays) until Completion, or their Broker in the case of Broker Firm Applicants, to confirm their allocations.

It is the responsibility of each person who trades in Stapled Securities to confirm their holding before trading in Stapled Securities. If you sell Stapled Securities before receiving a holding statement, you do so at your own risk. DBI, the Joint Lead Managers and the Registry and their respective Affiliates disclaim all liability, whether in negligence or otherwise, if you sell Stapled Securities before receiving your holding statement, whether on the basis of a confirmation of allocation provided by any of them or a Broker or from the Offer Information Line.





## Section 10

# Investigating Accountant's Report

# 10. Investigating Accountant's Report

## 10.1. Investigating Accountant's Report on Historical Financial Information



Deloitte Corporate Finance Pty Limited  
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AFSL 241457

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The Directors  
Dalrymple Bay Infrastructure Limited  
Level 22, 135 King Street  
Sydney NSW 2000

20 November 2020

Dear Directors

### **INVESTIGATING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF DALRYMPLE BAY INFRASTRUCTURE LIMITED AND THE FINANCIAL SERVICES GUIDE**

#### **Introduction**

This report has been prepared at the request of the directors of Dalrymple Bay Infrastructure Limited (ACN 643 302 032) (the Company) (the Directors) for inclusion in the prospectus to be issued by the Company (the Prospectus) in respect of the initial public offering of stapled securities, each comprising a fully paid ordinary share in the Company and a non-interest bearing loan note issued by the Company (together the Stapled Securities) (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 (Cth) (Corporations Act) for the issue of this report.

References to the Company mean prior to the allotment of Stapled Securities under the Offer, the DBT Entities<sup>1</sup>, and after allotment of such Stapled Securities under the Offer, Dalrymple Bay Infrastructure Limited and its controlled entities, or where the context requires, the business described in the Prospectus.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

#### **Scope**

##### **Statutory Historical Financial Information**

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the statutory historical financial information, being:

- the statutory historical consolidated statements of profit or loss for the financial years ended 31 December 2018 and 31 December 2019 and the half-years ended 30 June 2019 and 30 June 2020;
- the statutory historical consolidated statement of financial position as at 30 June 2020; and
- the statutory historical consolidated statements of cash flows before distributions for the financial years ended 31 December 2018 and 31 December 2019 and the half-years ended 30 June 2019 and 30 June 2020,

<sup>1</sup> The DBT Entities are comprised of Dalrymple Bay Infrastructure Holdings Pty Ltd, Dalrymple Bay Investor Services Pty Ltd, Dalrymple Bay Infrastructure Management Pty Ltd, Dalrymple Bay Finance Pty Ltd, the DBT Trust, the BPI Trust, BPIRE Pty Ltd, Brookfield Infrastructure Australia Trust, Brookfield DP Trust and Dudgeon Point Project Management Pty Ltd. The IPO group will comprise the DBT Entities and DBI.

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## 10. Investigating Accountant's Report (continued)

### **Deloitte.**

as set out in Tables 6.4, 6.9 and 6.14 respectively of the Prospectus (the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information for the full year has been extracted from the General Purpose Financial Reports of DBCT Management Pty Ltd for the financial years ended 31 December 2018 and 31 December 2019. The annual financial reports were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion in respect of these financial reports.

The Statutory Historical Financial Information for the half-year has been extracted from the General Purpose Financial Report of DBCT Management Pty Ltd for the half-years ended 30 June 2019 and 30 June 2020. The half-year financial report was reviewed by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified review conclusion in respect of this financial report.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

#### ***Pro forma Historical Financial Information***

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the pro forma historical financial information, being:

- the pro forma historical consolidated statements of profit or loss for the financial years ended 31 December 2018 and 31 December 2019 and the half-years ended 30 June 2019 and 30 June 2020;
- the pro forma historical consolidated statement of financial position as at 30 June 2020; and
- the pro forma historical consolidated statements of cash flows before distributions for the financial years ended 31 December 2018 and 31 December 2019 and the half-years ended 30 June 2019 and 30 June 2020,

as set out in Tables 6.2, 6.3, 6.7, 6.8 and 6.14 respectively of the Prospectus (the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Sections 6.3.3, 6.4.3 and 6.5.1 of the Prospectus (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial performance, financial position and/or cash flows.

## **Directors' Responsibility**

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of the Pro forma Adjustments made to the Statutory Historical Financial Information and included in the Pro forma Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information and the Pro forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

## **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and the Pro forma Historical Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

## **Statutory Historical Financial Information**

- consideration and review of work papers, accounting records and other documents of the Company, including those dealing with the extraction and compilation of Statutory Historical Financial Information from the audited and reviewed financial reports and management accounts of the Company for the financial years ended 31 December 2018 and 31 December 2019 and half-years ended 30 June 2019 and 30 June 2020;
- analytical procedures on the Statutory Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors;
- a review of the application of Australian Accounting Standards; and
- enquiry of the directors and management of the DBT Entities and others in relation to the Statutory Historical Financial Information.

## 10. Investigating Accountant's Report (continued)



### ***Pro forma Historical Financial Information***

- consideration and review of work papers, accounting records and other documents of the Company, including those dealing with the extraction and compilation of Statutory Historical Financial Information from the audited and reviewed financial reports and management accounts of the Company for the financial years ended 31 December 2018 and 31 December 2019 and half-years ended 30 June 2019 and 30 June 2020;
- consideration of the appropriateness of the Pro forma Adjustments described in Sections 6.3.3, 6.4.3 and 6.5.1 of the Prospectus;
- enquiry of the directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the DBT Entities and its auditors; and
- a review of the accounting policies adopted and used by the Company over the relevant periods for consistency of application.

### **Conclusions**

#### ***Statutory Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2.3.1 of the Prospectus.

#### ***Pro forma Historical Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 6.2.3.2 of the Prospectus.

### **Restrictions on Use**

Without modifying our conclusions, we draw attention to Section 6 and the 'Important Notices' pages of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

### **Consent**

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.



#### **Disclosure of Interest**

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

**DELOITTE CORPORATE FINANCE PTY LIMITED**

A handwritten signature in black ink, appearing to read "Ian Turner".

**Ian Turner**

Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)

A handwritten signature in black ink, appearing to read "Tara Hynes".

**Tara Hynes**

Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)

## 10. Investigating Accountant's Report (continued)



March 2020

### Financial Services Guide (FSG)

#### What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

#### Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

#### What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

#### General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

#### Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

#### How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

#### Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

#### What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220  
[complaints@deloitte.com.au](mailto:complaints@deloitte.com.au)  
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

[www.afca.org.au](http://www.afca.org.au)  
1800 931 678 (free call)  
Australian Financial Complaints Authority Limited  
GPO Box 3 Melbourne VIC 3001

#### What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation  
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.



## 10.2. Investigating Accountant's Report on Forecast Financial Information



Dalrymple Bay Infrastructure Limited  
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20 November 2020

Dear Directors

### **INVESTIGATING ACCOUNTANT'S REPORT ON THE FORECAST FINANCIAL INFORMATION OF DALRYMPLE BAY INFRASTRUCTURE LIMITED AND THE FINANCIAL SERVICES GUIDE**

#### **Introduction**

This report has been prepared at the request of the directors of Dalrymple Bay Infrastructure Limited (ACN 643 302 032) (the Company) (the Directors) for inclusion in the prospectus to be issued by the Company (the Prospectus) in respect of the initial public offering of stapled securities, each comprising a fully paid ordinary share in the Company and a non-interest bearing loan note issued by the Company (together the Stapled Securities) (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 (Cth) (Corporations Act) for the issue of this report.

References to the Company mean prior to the allotment of Stapled Securities under the Offer, the DBT Entities<sup>1</sup>, and after allotment of such Stapled Securities under the Offer, Dalrymple Bay Infrastructure Limited and its controlled entities, or where the context requires, the business described in the Prospectus.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

#### **Scope**

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the forecast financial information, being:

- the statutory forecast consolidated statement of profit or loss and the statutory forecast consolidated statement of cash flows before distributions of the Company for the financial year ending 31 December 2020 and the half-year ending 30 June 2021, as set out in Tables 6.2, 6.3, 6.7 and 6.8 respectively of the Prospectus (the Statutory Forecast Financial Information). The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 6.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the pro forma forecast consolidated statement of profit or loss and the pro forma forecast statement of cash flows before distributions of the Company for the financial year ending 31 December 2020 and half-year ending 30 June 2021 as set out in Tables 6.2, 6.3, 6.7 and 6.8 respectively of the Prospectus (the Pro forma Forecast Financial Information). The Pro forma Forecast Financial Information has been

<sup>1</sup> The DBT Entities are comprised of Dalrymple Bay Infrastructure Holdings Pty Ltd, Dalrymple Bay Investor Services Pty Ltd, Dalrymple Bay Infrastructure Management Pty Ltd, Dalrymple Bay Finance Pty Ltd, the DBT Trust, the BPI Trust, BPIRE Pty Ltd, Brookfield Infrastructure Australia Trust, Brookfield DP Trust and Dudgeon Point Project Management Pty Ltd. The IPO group will comprise the DBT Entities and DBI.

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## 10. Investigating Accountant's Report (continued)

### **Deloitte.**

derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro forma Adjustments described in Tables 6.5, 6.6, 6.10 and 6.11 respectively of the Prospectus.

An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred prior to 1 January 2020. Due to its nature, the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/or cash flows for the financial year ending 31 December 2020 or half-year ending 30 June 2021,

(together, the Forecast Financial Information).

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance and cash flows of the Company for the financial year ending 31 December 2020 and the half-year ending 30 June 2021. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take, and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Section 6.8 and Section 7 of the Prospectus.

The sensitivity analysis set out in Section 6.8 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.



### **Directors' Responsibility**

The Directors are responsible for:

- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast Financial Information and the Pro forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used by the Company in the preparation of the Forecast Financial Information; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro forma Forecast Financial Information.

## 10. Investigating Accountant's Report (continued)



### **Conclusions**

#### ***Statutory Forecast Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- (ii) in all material respects, the Statutory Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.7.1 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

#### ***Pro forma Forecast Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;
- (ii) in all material respects, the Pro forma Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.7.1 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred as at 1 January 2020; and
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

### **Restrictions on Use**

Without modifying our conclusions, we draw attention to Section 6.2 and the 'Important Notices' pages of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

### **Consent**

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.



#### **Disclosure of Interest**

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours sincerely

**DELOITTE CORPORATE FINANCE PTY LIMITED**

A handwritten signature in black ink, appearing to read "Ian Turner".

**Ian Turner**

Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)

A handwritten signature in black ink, appearing to read "Tara Hynes".

**Tara Hynes**

Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)



## 10. Investigating Accountant's Report (continued)



March 2020

### Financial Services Guide (FSG)

#### What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

#### Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

#### What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

#### General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

#### Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

#### How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

#### Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

#### What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220  
[complaints@deloitte.com.au](mailto:complaints@deloitte.com.au)  
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

[www.afca.org.au](http://www.afca.org.au)  
1800 931 678 (free call)  
Australian Financial Complaints Authority Limited  
GPO Box 3 Melbourne VIC 3001

#### What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000  
Member of Deloitte Asia Pacific Limited and the Deloitte organisation  
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.



## Section 11

# Additional Information

# 11. Additional Information

## 11.1. Registration

DBI was registered in Victoria, Australia on 7 August 2020 as a public company limited by shares.

## 11.2. Summary of rights and liabilities attaching to ordinary shares and other material provisions of the Constitution

### 11.2.1. Introduction

The rights and liabilities attaching to the ownership of the Stapled Securities arise from a combination of the Constitution, statute, the ASX Listing Rules, the terms of the Note Trust Deed and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares in DBI and a description of other material provisions of the Constitution that apply to holders of Shares (members) is set out below.

A summary of the significant rights, liabilities and obligations attaching to the DBI Notes and a description of other material provisions of the Note Trust Deed is set out in Section 11.3.1.

These summaries are not exhaustive nor do they constitute a definitive statement of the rights and liabilities of Securityholders. They assume that DBI's Shares are stapled to DBI Notes and that DBI is admitted to the official list of the ASX.

### 11.2.2. Meeting of members

Every member is entitled to receive notice of, attend, and vote at, general meetings of DBI and to receive all notices, accounts and other documents required to be sent to members under the Constitution, Corporations Act and ASX Listing Rules. DBI must give at least 28 days' written notice of a general meeting.

### 11.2.3. Voting at a general meeting

At a general meeting of DBI, every member present in person or by proxy, representative or attorney and entitled to vote is entitled to one vote on a show of hands and, on a poll, one vote for each Share held by the member. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to any deliberative vote.

### 11.2.4. Dividends

The Board may pay any dividends that, in its judgement, the financial position of DBI justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share, and fix a record date for a dividend and method of payment.

### 11.2.5. Transfer of Stapled Securities

Subject to the Constitution and to any restrictions attached to a Securityholder's Stapled Securities, Stapled Securities may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, Corporations Regulations and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register, or prevent registration of, a transfer of Stapled Securities or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

### 11.2.6. Issue of further shares or Stapled Securities

The Board may, subject to the Constitution, Corporations Act and ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Stapled Securities or other shares or securities in DBI on such terms as the Board decides.

### 11.2.7. Preference shares

DBI may issue preference shares including preference shares which are, or at the option of DBI or a holder are, liable to be redeemed or convertible to Shares (which will, while Stapling applies, be stapled to DBI Notes). The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of DBI.

### **11.2.8. Winding up**

If DBI is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any shares or classes of shares, members will be entitled to a share in any surplus property of DBI in proportion to the number of shares held by them.

If DBI is wound up, the liquidator may, with the sanction of a special resolution, divide among the members the whole or part of DBI property and decide how the division is to be carried out as between members or different classes of members.

### **11.2.9. Non marketable parcels**

In accordance with the ASX Listing Rules, the Board may sell Stapled Securities that constitute less than a marketable parcel by following the procedures set out in the Constitution (as they apply to shares and to each DBI Note to which such shares are stapled). A marketable parcel of Stapled Securities is defined in the ASX Operating Rules Procedures and is generally a holding of Stapled Securities with a market value of at least \$500.

### **11.2.10. Proportional takeover provisions**

The Constitution contains provisions requiring member approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by members passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

### **11.2.11. Variation of class rights**

The procedure set out in the Constitution must be followed for any variation of rights attached to shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- (1) with the written consent of the holders of 75% of the shares of the class; or
- (2) by a special resolution passed at a separate meeting of the holders of shares of the class.

### **11.2.12. Directors – appointment and retirement**

Under the Constitution, the number of Directors shall be a minimum of three Directors and a maximum of nine Directors, unless DBI resolves otherwise at a general meeting. Directors are elected or re-elected at general meetings of DBI.

No Director (excluding the managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director, either to fill a casual vacancy on the Board or as an addition to the existing Directors.

A person is eligible for election to the office of a Director at a general meeting if they are nominated or recommended by the Board or not less than the number of members required to give notice of a resolution under the Corporations Act (subject to timing requirements).

### **11.2.13. Directors – voting**

Except where a resolution requires a special majority, questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote, in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

A written resolution of the Board may be passed without holding a meeting of the Board, if all of the Directors sign or consent to the resolution.



## 11. Additional Information (continued)

### 11.2.14. Directors – remuneration

Under the Constitution, the Board may decide the remuneration from DBI to which each Director is entitled for his or her services as a Director. The total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by DBI in a general meeting. The remuneration of a Director (who is not the managing director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of Non-Executive Director remuneration is set out in Section 8.3.2.2. Any change to that maximum aggregate amount needs to be approved by members.

Directors are entitled to be paid for all travelling and other expenses incurred in attending to DBI's affairs, including attending and returning from general meetings of DBI or meetings of the Board or of committees of the Board. Any Director who performs extra services, makes any special exertions for the benefit of DBI or otherwise performs services, which, in the opinion of the Board, are outside the scope of ordinary duties of a Non-Executive Director, may be remunerated for the services (as determined by the Board) out of the funds of DBI.

Directors' remuneration is discussed further in Section 8.3.2.

### 11.2.15. Power and duties of Directors

The business and affairs of DBI are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of DBI and that are not required by law or by the Constitution to be done by DBI in a general meeting.

### 11.2.16. Access to records

DBI may enter into contracts with a Director or former Director agreeing to provide continuing access, for a specified period after the Director ceases to be a Director, to Board papers, books, records and documents of DBI which relate to the period during which the Director or former Director was a Director on such terms and conditions as the Board thinks fit. DBI may procure that its subsidiaries provide similar access to board papers, books, records or documents.

### 11.2.17. Indemnities

DBI must indemnify each officer of DBI on a full indemnity basis and to the full extent permitted by law against all losses, liability, costs, charges and expenses incurred by that person as an officer of DBI or of a related body corporate.

DBI may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of DBI against any liability incurred by that person as an officer of DBI or of a related body corporate, including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

### 11.2.18. Ownership restrictions

The Constitution contains restrictions on ownership of voting shares in DBI (including the Shares forming part of Stapled Securities) which are designed to assist DBI to comply with restrictions under the DBT Leases. Information about these ownership restrictions is set out in Section 11.14.1.

### 11.2.19. Stapling

The Constitution also contains provisions enabling DBI securities to be stapled to other securities. Information about these provisions is set out in Section 11.3.

### 11.2.20. Amendment

The Constitution can only be amended by special resolution passed by at least three quarters of votes cast by members present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of DBI.

### 11.2.21. Capital

On Completion of the Offer, the only class of security on issue by DBI will be the Stapled Securities.



## 11.3. Stapling Provisions

As set out in Section 1.1, each Stapled Security is comprised of one Share and one DBI Note, both issued by DBI.<sup>178</sup>

A summary of the stapling provisions in DBI's Constitution is set out below. The below summary is not intended to be exhaustive and is qualified by the fuller terms of DBI's Constitution and does not constitute a definitive statement of the rights and liabilities attaching to the Stapled Securities or otherwise available to Securityholders. The terms of the Notes (which are contained in the Note Trust Deed) also contain stapling provisions which complement the Constitution provisions described below.

The stapling provisions in DBI's Constitution apply on and from the stapling date (the date determined by the Board to be the date the stapling is to commence – this is expected to be no later than the date of issuance of Stapled Securities under the Offer) until the unstapling date (the date determined by the Board to be the date that the unstapling will occur).

Under the stapling provisions in DBI's Constitution, on and from the stapling date:

- **(no issue)** DBI must not offer or issue a security if it is of a class which forms part of the Stapled Securities unless those securities are stapled to the corresponding number of each attached security to form a Stapled Security;
- **(no transfer)** DBI must not register any transfer of a component of a Stapled Security without a corresponding and simultaneous transfer of each other component that comprises the Stapled Security; and
- **(restapling)** if a component of a Stapled Security becomes unstapled, DBI may subsequently determine that the stapling provisions should recommence in respect of that unstapled component.

DBI's Constitution allows other securities to be stapled to DBI securities in the future, and if that were to occur the stapling provisions, described above in relation to Stapled Securities, would apply in a similar way to those stapling arrangements.

To the extent permitted by law, each security which is stapled to another security will be treated as one security.

### 11.3.1. Note Trust Deed

DBI entered into a Note Trust Deed with Equity Trustees Limited (as the Note Trustee) on or about the date of this Prospectus (**Note Trust Deed**). The Note Trust Deed is governed by New South Wales law and is the document which constitutes the DBI Notes. The terms are set out as an attachment to the Note Trust Deed. The full terms of the Note Trust Deed can be obtained from DBI. DBI has lodged the Note Trust Deed with ASIC and the information in the Note Trust Deed is incorporated by reference into this Prospectus. DBI will provide a copy of the Note Trust Deed upon request free of charge to potential investors during the period until the application period for the Offer expires and thereafter to Noteholders.

The Note Trustee has agreed to act as the trustee of the assets and rights held on trust for Noteholders (as described below) pursuant to the terms of the Note Trust Deed. The DBI Notes are issued subject to the terms and conditions contained in the Note Trust Deed.

Interest is not payable on the DBI Notes. The obligation to repay the DBI Notes in accordance with their terms is a direct obligation of DBI. Neither the Note Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the repayment of the face value of the DBI Notes.

The Note Trustee is not responsible for monitoring compliance by DBI of its obligations under the Note Trust Deed or DBI's businesses except as required by law. In this regard, the Note Trustee is subject to certain statutory duties imposed on it under Chapter 2L of the Corporations Act including:

- exercising reasonable diligence to ascertain whether:
  - the property of DBI that is or should be available will be sufficient to repay the amounts lent by Noteholders in respect of the DBI Notes when they become due;
  - DBI has breached the Terms, the Note Trust Deed or the provisions of Chapter 2L of the Corporations Act; and
- unless the Note Trustee is satisfied the breach will not materially prejudice Noteholders, do everything in its power to ensure DBI remedies such a breach known to the Note Trustee.

<sup>178</sup> The constitution and the Note Trust Deed also permit further securities to be stapled to a share and note in the future.

## 11. Additional Information (continued)

The Note Trust Deed provides that when considering whether any matter is detrimental to, or in the interests of, the Noteholders, the Note Trustee:

- is not required to consider the tax position of the Noteholders or to consider any other issue or circumstance affecting the position of a particular Noteholder or particular group of Noteholders; and
- to the maximum extent permitted by law, unless the Unstapling Date has occurred:
  - is bound to have regard to the interests of the Noteholders as holders of the Attached Shares taken as a whole; and
  - is entitled to accept and rely upon any resolution of the Board of the Issuer as conclusive evidence of whether the matter is, or is not, detrimental to or in the interests of, the Noteholders.

The Noteholders are taken to have notice of, and are bound by, all the provisions of the Note Trust Deed and the Terms.

The following is a summary only of the principal provisions of the Note Trust Deed.

### 11.3.1.1. Appointment of Note Trustee and declaration

The Note Trustee is appointed to hold on trust for Noteholders:

- the right to enforce DBI's duty to repay the DBI Notes;
- the right to enforce DBI's obligation to pay all other amounts payable under the DBI Notes;
- the right to enforce all other duties or obligations of DBI under the Terms, the provisions of the Note Trust Deed and Chapter 2L of the Corporations Act; and
- any other assets held by the Note Trustee on trust established under the Note Trust Deed.

Each Noteholder (and any person claiming through or under a Noteholder) is bound by, and is taken to have notice of, the Note Trust Deed and the terms and to have irrevocably authorised the Note Trustee to exercise its rights under the Note Trust Deed, the Terms of Issue and Chapter 2L of the Corporations Act, in its capacity as trustee. It is a condition of receiving any of the rights or benefits under a DBI Note that a Noteholder complies with the Note Trust Deed and the Terms of Issue.

### 11.3.1.2. Payments

DBI undertakes to pay all amounts due under the DBI Notes to the Note Trustee, subject to the same terms as to subordination of the Notes as are set out in the Terms of Issue. The Note Trustee directs DBI to pay such amounts to the Noteholders unless a winding up of DBI has commenced in which case the payment must be made to the Note Trustee. Payment to the Noteholders in accordance with the Terms of Issue satisfies DBI's obligation to pay this amount to the Note Trustee to the extent of the payment and payment to the Note Trustee satisfies DBI's obligation to pay any amount to the Noteholders.

The Note Trust Deed contains provisions entitling DBI to withhold payments in various circumstances, including where a Noteholder needs to obtain a governmental approval to be paid an amount and where DBI believes that a person other than the Noteholder has become entitled to be registered as Noteholder and receive the payment.

Amounts payable to the Note Trustee in respect of its remuneration, costs and various other amounts are not subordinated and will rank in priority to the payments due to the Noteholders.

### 11.3.1.3. Trustee protections and limitation of liability

The Note Trust Deed contains various provisions which, subject to the Corporations Act, entitle the Note Trustee to make assumptions as to various matters, rely on information, statements and opinions provided to it and exercise various other discretions.

The Note Trustee is not liable to DBI, Noteholders or any other person, except where the Note Trustee acts fraudulently, negligently or wilfully defaults under the Note Trust Deed.

### 11.3.1.4. Enforcement by Note Trustee

Only the Note Trustee is entitled to enforce the Note Trust Deed or the terms. The Note Trustee is not required to notify any person of the occurrence of any breach of the Note Trust Deed or any other document relating to the DBI Notes.

#### **11.3.1.5. Enforcement on direction by Noteholders**

The Note Trustee is only obliged to take action to enforce the Note Trust Deed where all the following conditions are met:

- the Note Trustee has been directed to take that action by a Noteholder resolution (unless such a direction has been rescinded by a subsequent Noteholder resolution);
- the Note Trustee is placed in funds or is otherwise indemnified to its satisfaction:
  - for all actions, proceedings, claims and demands to which the Note Trustee may render itself liable by taking such action;
  - in respect of all costs, charges, damages and expenses which the Note Trustee may thereby incur; and
  - in respect of the costs of all management time spent by employees or officers of the Note Trustee in relation to such action in the amount required under the Note Trust Deed; and
- the Note Trustee is not restricted or prohibited from taking such action by any order of any competent court or any applicable law.

#### **11.3.1.6. Enforcement by Noteholders**

A Noteholder is prohibited from taking any action to enforce the Note Trust Deed against the Issuer.

DBI may plead this restriction in bar to any proceedings brought against it that are not permitted.

#### **11.3.1.7. Fees, expenses and indemnity**

DBI must pay to the Note Trustee by way of remuneration for its services as trustee under the Note Trust Deed a fee or such other remuneration as may be agreed between DBI and the Note Trustee. DBI has agreed it will also pay the Note Trustee's costs properly incurred in connection with the execution and performance of the Note Trust Deed as well as additional fees for any enforcement action that the Note Trustee takes in relation to the Note Trust Deed following default by any other party (such additional fees being charged at standard hourly rates for time spent by the Note Trustee).

#### **11.3.1.8. Retirement and removal**

The Note Trustee may retire by giving notice to DBI, which will not be effective until the last to occur of:

- the day which is 60 days after the date of the notice (or such other period as the Note Trustee and DBI may agree); and
- the day upon which the appointment of a new trustee becomes effective.

The Note Trustee may also be removed by DBI in various circumstances.

Any removal of the Note Trustee will only take effect upon the appointment of a new Note Trustee.

#### **11.3.1.9. Meetings**

Subject to the Corporations Act, unless an Unstapling Date has occurred:

- a meeting may be convened and held in accordance with the procedures applicable to the convening and holding of general meetings of shareholders of DBI and such meeting will be deemed to have been duly convened and held in accordance with the meeting provisions applicable to holding meetings of Noteholders under the Note Trust Deed; and
- DBI and the Note Trustee are entitled to treat any resolution of shareholders of DBI as a resolution of Noteholders passed at a meeting duly convened and held in accordance with the meeting provisions.

The Note Trustee or DBI may at any time convene a meeting of Noteholders under the meeting provisions set out in the Note Trust Deed. DBI must convene such a meeting in certain circumstances on receipt of a direction in writing by Noteholders who together hold at least 10% of the aggregate of the principal amount of all DBI Notes Outstanding.

A resolution duly passed (or deemed to have been passed) at a meeting of Noteholders held in accordance with the Note Trust Deed is binding on all Noteholders whether or not they are present or voting at the meeting.

The Note Trust Deed may also be amended without the approval of Noteholders or the Note Trustee as described in the Note Trust Deed and Terms.

## 11. Additional Information (continued)

### 11.3.1.10. Register

The Note Trust Deed contains arrangements relating to the maintenance of the Register of Noteholders. DBI and the Note Trustee may treat Noteholders as the absolute owners of DBI Notes held by them and need not:

- recognise a person as holding a DBI Note on trust, even if DBI has notice of a trust; or
- recognise, or be bound by, any equitable, contingent, future or partial claim to or interest in a DBI Note by any other person, except an absolute right of ownership in the registered Noteholder, even if DBI has notice of that claim or interest.

### 11.3.1.11. About the Note Trustee

Equity Trustees Limited (ABN 48 004 031 298) (the Note Trustee), and its directors, employees, officers, affiliates, agents, advisers, intermediaries and related bodies corporate:

- have not authorised or caused the issue or distribution of this Prospectus, were not involved in preparing this Prospectus and do not make any statement or purport to make any statement in this Prospectus or any statement on which a statement in this Prospectus is based;
- do not assume any responsibility for or make representations as to the truth, accuracy or completeness of any information contained in this Prospectus;
- to the maximum extent permitted by law, expressly disclaim all liability in respect of, make no representation or any statement regarding, and take no responsibility for, any part of this Prospectus, or any statements in, or omissions from, this Prospectus, other than (in the case of the Note Trustee only) references to its name which are included in this Prospectus with its written consent;
- in the case of the Note Trustee only, has given, and has not, before the lodgement of this Prospectus with ASIC, withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named;
- have relied on DBI for the accuracy of the contents of this Prospectus;
- do not make any representation or warranty as to the performance of DBI or its maintenance of capital, the performance of the DBI Notes or the Stapled Securities, the payment of distributions or exchange of the DBI Notes or the Stapled Securities, or the value of any DBI Notes or any ordinary shares issued (or their proceeds of sale) on conversion; and
- are not, subject to the Note Trustee's obligations under the Corporations Act, responsible for monitoring DBI's business.

### 11.3.2. Terms of issue

The terms and conditions of issue of the DBI Notes (the **Terms**) are attached to the Note Trust Deed. The following is a summary only of the principal provisions of the Terms.

#### 11.3.2.1. Form and title

The DBI Notes are unsecured notes of DBI (as issuer), constituted by the Note Trust Deed and issued in registered form by entry in the register of Noteholders established and maintained in accordance with the Note Trust Deed. Title to all DBI Notes will be determined, and (subject to the below) may be transferred, in accordance with the Note Trust Deed. Except as required by law, DBI will not recognise any person as having any title to, or interest in, a DBI Note, other than the registered holder of the DBI Note.

Each DBI Note will be initially issued as part of a Stapled Security comprising a DBI Note and an ordinary share in the capital of the Issuer and the provisions of rule 16 of the Issuer's constitution (the **Stapling Provisions**) apply in relation to each DBI Note as if references in the Stapling Provisions to a share included references to a DBI Note. A DBI Note cannot be dealt with except as part of the relevant Stapled Security and DBI can deal with a DBI Note or any transfer of a DBI Note forming part of a Stapled Security in the same way in which it is able to deal with the ordinary share forming part of the Stapled Security. Each Noteholder appoints DBI and its officers and representatives, severally, as its attorney for the purposes of doing any thing which DBI considers necessary or desirable for the purposes of giving effect to these terms relating to the stapling of the DBI Notes to ordinary shares.

#### 11.3.2.2. Face Value and repayment

Each DBI Note is issued fully paid and with an initial face value (**Face Value**) of 80 cents. DBI in its discretion may elect to repay all or some of the Face Value of each DBI Note on any business day and may also buy-back DBI Notes subject to the Stapling Provisions and to compliance with the Corporations Act in relation to the buy-back of the ordinary shares forming part of the Stapled Securities of which the DBI Note forms part (**Attached Shares**). DBI must repay the Face Value of each DBI Note on 30 September 2030, or if that day is not a business day, the next business day (the **Maturity Date**) to the extent not repaid or repurchased prior to that date. The DBI Notes do not include events of default or any other provisions entitling the Noteholders to require that the DBI Notes be repaid prior to the Maturity Date other than in a winding up as described below.

DBI's obligations to make payments on the DBI Notes are subject to all applicable laws, and the Issuer may deduct from any amount payable to a Noteholder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount.

#### 11.3.2.3. Status and ranking of DBI Notes

The DBI Notes are direct, unsecured and subordinated obligations of DBI and rank for payment behind all other claims on or liabilities of DBI other than ordinary shares and any other instruments forming part of the Stapled Securities (such instruments, together with the Attached Shares, being the **Attached Securities**).

If an order is made by a court of competent jurisdiction in Australia, or an effective resolution is passed for the winding up of DBI, DBI must repay each Note:

- prior to the payment of any payment to holders ordinary shares and any Attached Securities ranking or expressed to rank equally with ordinary shares;
- on a pro rata basis with the claims of holders of any other Attached Securities; and
- after payment in full of all other claim on or liabilities of DBI.

In order to give effect to this ranking, in any winding up of DBI, the claims of Noteholders are limited to the extent necessary to ensure that:

- all other claims on DBI (other than claims in respect of ordinary shares and any Attached Securities ranking or expressed to rank equally with ordinary shares) receive payment in full before any payment is made to Noteholders in respect of the DBI Notes; and
- payments may be made in respect of the claims of holders of Attached Securities other than ordinary shares and any Attached Securities ranking or expressed to rank equally with ordinary shares on a pro rata basis with payments to Noteholders in respect of the DBI Notes.

Neither the Note Trustee nor any Noteholder has any right to apply for the winding up or administration of DBI, or to cause a receiver, or receiver and manager, to be appointed in respect of DBI for any reason.

#### 11.3.2.4. Further issues

There are no restrictions under the Terms or the Note Trust Deed on DBI incurring any debt obligations or other liabilities, whether subordinated or not or ranking in priority ahead of, equal with or behind the DBI Notes. DBI may also at any time issue further DBI Notes as part of any Stapled Securities and such DBI Notes will be deemed to constitute and form part of the DBI Notes for the purposes of the Note Trust Deed and the Terms.

#### 11.3.2.5. Amendments

DBI may amend the Terms or the Note Trust Deed if an Ordinary Resolution (as defined below) is passed in favour of such amendment. DBI may also amend the Terms or the Note Trust Deed without the consent of the Note Trustee or the Noteholders if DBI (acting reasonably) is of the opinion that such amendments are:

- of a formal or technical or minor nature and not materially prejudicial to the interests of the Noteholders as a whole, or made to cure any ambiguity or correct an error or facilitate the listing or quotation of the DBI Notes on the ASX or another securities exchange or to comply with any laws or the Listing Rules;
- necessary or convenient in connection with the Stapling Provisions or for the purpose of enabling unsecured notes issued under the Note Trust Deed to be stapled together with shares in DBI; or
- subject to the following paragraph, not (taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment) materially prejudicial to the interests of Noteholders as a whole.



## 11. Additional Information (continued)

If the Note Trustee (acting reasonably) determines that an amendment proposed to be made by DBI under the immediately preceding sub-paragraph (taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment) is materially prejudicial to the interests of Noteholders as a whole and gives notice to DBI of that determination then DBI may not make that amendment unless an Ordinary Resolution is passed in favour of the amendment. DBI must give the Note Trustee notice of any proposed amendment under the immediately preceding sub-paragraph at least 20 business days (or such lesser period as may be acceptable to the Note Trustee) prior to making the amendment.

When determining whether an amendment is or would be materially prejudicial to the interests of Noteholders as a whole DBI is not required to consider the tax position or other circumstances affecting the position of a particular Noteholder or particular group of Noteholders, and must have regard to the interests of Noteholders as holders of ordinary shares and any Attached Securities.

Notwithstanding the foregoing, DBI may not vary the Maturity Date in a manner that would result in the Maturity Date falling on a date on or after the 10th anniversary of the date of issue of the DBI Notes, or vary the terms of any outstanding DBI Notes in a manner which would result in DBI not being obliged to repay the Face Value of those DBI Notes on or before that date, unless an Ordinary Resolution is passed in favour of such amendment.

An **Ordinary Resolution** is:

- a resolution passed at a meeting of the Noteholders duly called and held under the provisions for meetings of the Noteholders set out in the Note Trust Deed;
- by at least 50% of the persons voting on a show of hands (unless the following sub-paragraph applies); or
- if a poll is duly demanded, then by a majority consisting of at least 50% of the votes cast; or
- a resolution passed by postal ballot or written resolution by Noteholders representing (in aggregate) at least 50% of the principal amount of all outstanding DBI Notes.

No amendment will alter personal rights or obligations of the Note Trustee unless DBI has obtained the Note Trustee's prior written consent to such amendment.

### 11.3.2.6. Governing law

The DBI Notes and the Terms are governed by the laws of New South Wales, Australia and DBI, the Note Trustee and each Noteholder submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in New South Wales, Australia in connection with matters concerning the DBI Notes or the Terms.

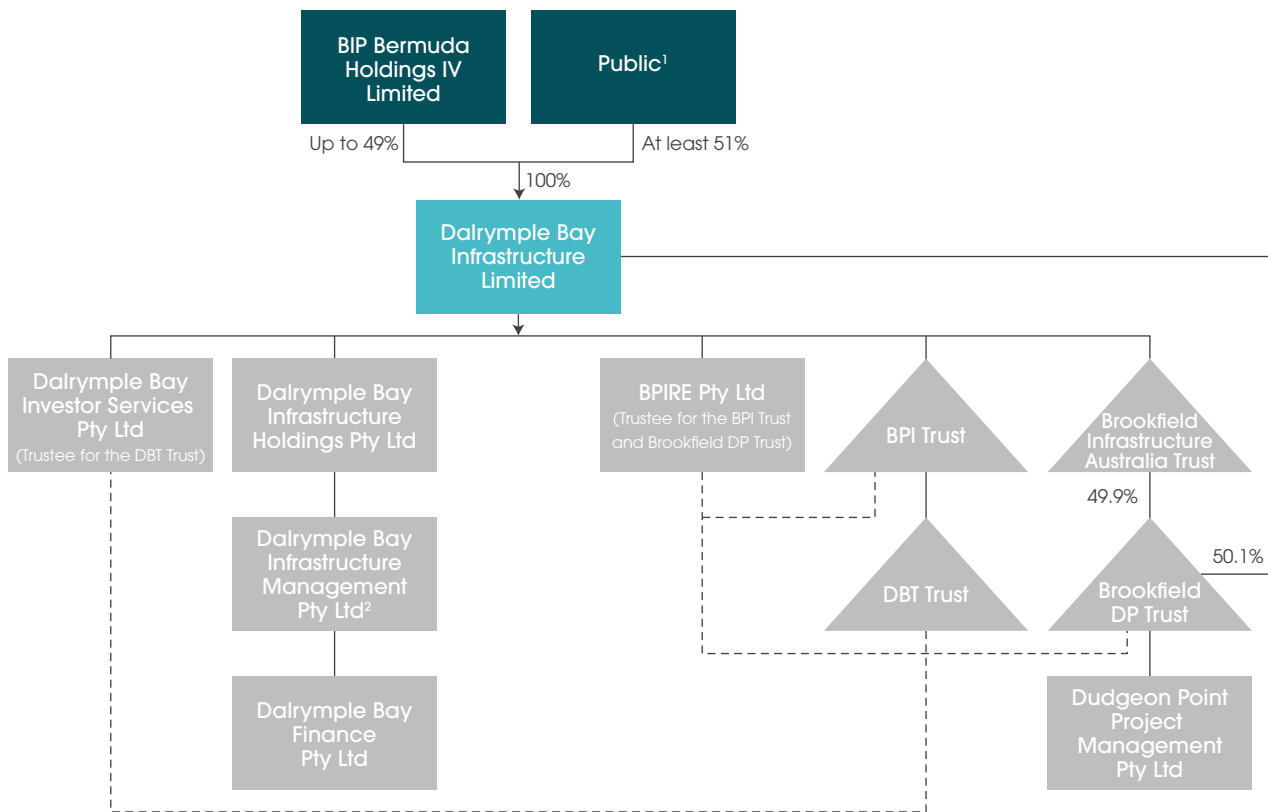
## 11.4. Company tax status

DBI will be taxed as an Australian resident public company in Australia for the purposes of Australian income tax law. DBI will be subject to tax at the Australian corporate tax rate. DBI's tax year ends on 30 June, unless it has obtained a substitute accounting period (**SAP**) of 31 December from the Australian Taxation Office.

# 11.5. Corporate structure

The following diagram represents the corporate structure of DBI following completion of the Restructure. Unless stated otherwise, each entity is 100% owned, directly or indirectly, by DBI and incorporated in Australia, and operates in the global steelmaking supply chain.

Figure 11.1: Corporate structure diagram



- Notes:
- 1. It has been agreed that the Directors may subscribe for up to \$500,000 worth of the Stapled Securities (in aggregate) under the Offer, at the Offer Price and otherwise in accordance with the terms of the Priority Offer under the Prospectus. Existing Securityholders other than BIP may also elect to invest in the Institutional Offer.
  - 2. DBIM holds 1 class B share in ILC, a non-wholly owned entity. The other shares, in various classes, are held by six mining companies, three railway operators, one railway manager, the Operator and NQBP. The purpose of ILC is to increase the throughput of the coal supply chain by encouraging co-operation of participants.
  - 3. Solid lines indicate ownership. Dotted lines indicate trusteeship.

Each DBT Entity is engaged in the business of leasing and managing DBT, as described in Section 4, and associated activities, or is a holding entity, except DPPM which was incorporated for the purpose of undertaking the Hay Point Project. Each DBT Entity is incorporated or established in Australia.

Brookfield Infrastructure Australia Trust (BIAT) is a registered managed investment scheme, whose trustee and responsible entity is Brookfield Capital Securities Limited (BCS) which is part of the Brookfield group (not the DBI group). Following Listing, DBI and BCS intend to apply to ASIC for the deregistration of BIAT as a registered scheme, which is likely to take around 3 months. Given BCS has the necessary licences to act as trustee and responsible entity of BIAT whilst it is a registered managed investment scheme, BCS has agreed with DBI to remain as trustee and responsible entity until deregistration has occurred, at which point it is intended that BPIRE Pty Ltd (which is part of the DBI group) will become the trustee of BIAT.

## 11. Additional Information (continued)

### 11.6. The Restructure

#### 11.6.1. Restructure

As at the Prospectus Date, DBI does not own the DBT Entities which carry on the DBT Business as set out in this Prospectus.

In connection with the Offer, a restructure will occur under which DBI will be superimposed as the holding company of the DBT Entities (**Restructure**).

DBI and the Existing Securityholders have entered into a number of conditional call options (**Call Options**) under which DBI can require the Existing Securityholders to enter into conditional agreements under which DBI will acquire the DBT Entities in exchange for an amount equal to proceeds from the Offer (net of certain amounts as more fully outlined below) once available.

The amounts to be received by the Existing Securityholders will be received net of an amount expected to be approximately \$298.6, being the aggregate of certain Transaction Costs, expected to be approximately \$128.6, associated with the Offer and the change of ownership of the DBT Entities (see below), and a further amount of \$170.0 million which is to be retained in the Group, reflecting the reduction in debt discussed in Section 6.5.1. As noted in note 5 in Table 6.14 in Section 6.5.1, the Transaction Costs include costs in relation to the Offer (including the Joint Lead Managers' fees and cornerstone commitment fees), legal and accounting due diligence fees, tax and structuring advice and associated consultancy services in relation to the Offer) and other transaction costs which reflect an estimated stamp duty claw back amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases. If the actual amount of the stamp duty claw back is lower or higher than estimated, the amount ultimately payable to the Existing Securityholders will be higher or lower accordingly. An adjustment to the amount received by certain Existing Securityholders may also occur if liability (in excess of amounts already paid) arises in respect of a dispute with the Australian Taxation Office in respect of a legacy withholding tax issue (or if any part of the amounts already paid is recovered). The intention of the provisions relating to the stamp duty claw back amount and the legacy withholding tax dispute is that any amounts payable to the relevant revenue authorities in respect of these matters in excess of amounts already paid or provided for in the acquisition price calculations will be borne by the relevant Existing Securityholders, and to the extent less is ultimately paid to the relevant revenue authorities than the amounts already paid or provided for in the acquisition price calculations, the difference will be refunded to the relevant Existing Securityholders.

Some of the amounts to be received by BIP, as Existing Securityholder, may be reinvested in Stapled Securities at the Offer Price, such that BIP will retain an aggregate interest of up to 49% in DBI after Completion.<sup>179</sup>

Only title and capacity warranties will be given by the Existing Securityholders to DBI under the agreements.

The main condition to exercise of the Call Options is close of the Offer without the Underwriting Agreement having been terminated (or in one case the passing of a day after Completion of the IPO), following which DBI is able to require the Existing Securityholders to enter into and complete the acquisition agreements. The Restructure is scheduled to take effect on or about the date of Completion of the Offer.

On entry into the acquisition agreements, DBI will execute a loan agreement with BIP (**Loan Agreement**) for the purposes of funding certain amounts that DBI is required to pay the Existing Securityholders in satisfaction of the promissory notes. The Loan Agreement cannot be used for any other purpose. DBI must repay any monies advanced under the Loan Agreement one business day after it receives the funds raised under the Offer.

#### 11.6.2. Preparation of Prospectus

Unless otherwise specified, this Prospectus has been prepared as if the Restructure has already occurred. For example, the Investment Overview in Section 1, DBI Overview in Section 4 and the Financial Information in Section 6, each describe DBI after the Restructure.

The corporate structure of DBI after completion of the Restructure is described in Section 11.5.

179. Note that payments may initially be made via promissory notes, and to the extent Existing Securityholders will both receive and reinvest amounts, promissory notes and/or payment directions may be used to avoid circular funds flows, and Application Monies payable by reinvesting Existing Securityholders for Stapled Securities may be paid in this manner.

### 11.6.3. Replacement of Indemnity

In connection with a previous group restructure of entities in the DBI group, on 20 September 2018 BPIH Pty Limited and BIP (**Relevant Brookfield Entities**) together with DBIH entered into a deed of indemnity (**Original Deed of Indemnity**) in favour of certain providers of financial guarantee insurance (called '**Financial Guarantors**' in that document) for financing arrangements of entities in the DBI group (including DBIH). Under the Original Deed of Indemnity, the Relevant Brookfield Entities and DBIH indemnify the Financial Guarantors in relation to any loss suffered by the Financial Guarantors as a result of the previous group restructure or any breach by the Relevant Brookfield Entities or DBIH of the covenants and representations given by them in the Original Deed of Indemnity.

DBI and the Relevant Brookfield Entities have entered into a deed of indemnity (**New Indemnity**). Under the New Indemnity, with effect from the date of Completion of the Offer, DBI will indemnify the Relevant Brookfield Entities for any loss suffered by a Relevant Brookfield Entity as a result of a claim made by a Financial Guarantor under the Original Deed of Indemnity (unless that loss relates to an excluded claim) or any breach or enforcement of the New Indemnity. Under the New Indemnity, the indemnity given by DBI will not extend to a claim or demand made by a Financial Guarantor in respect of loss resulting from a breach by a Relevant Brookfield Entity of the Original Deed of Indemnity after the date of Completion of the Offer. In addition, under the New Indemnity, each Relevant Brookfield Entity represents that, to the best of its knowledge and belief having made due enquiry, it has not breached the Original Deed of Indemnity and no claims, demands or allegations of loss have been made by a Financial Guarantor under the Original Deed of Indemnity.

DBI does not believe that any such loss will be suffered, or that any claims or allegations of loss have been made since the Original Deed of Indemnity was entered into. There is no limit on the liability of DBI under the New Indemnity but no claims may be made after the date on which the financial guarantees issued by both Financial Guarantors have been cancelled or have expired and no further moneys are contingently or otherwise owing to them (at which point neither Financial Guarantor will be able to claim under the Original Deed of Indemnity).

## 11.7. Material Contracts

### 11.7.1. Underwriting Agreement

DBI and the Joint Lead Managers entered into an underwriting agreement on or about the Prospectus Date (**Underwriting Agreement**). Under the Underwriting Agreement, DBI appointed Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited on an exclusive basis as joint lead managers and bookrunners for, and to manage and act as underwriters of, the Offer. Dalrymple Bay Infrastructure Holdings Pty Ltd has agreed to guarantee the performance by DBI of its obligations under the Underwriting Agreement until the Restructure takes effect.

The Offer is fully underwritten (other than in respect of Stapled Securities which Existing Securityholders or their affiliates have committed to subscribe for) by the Joint Lead Managers (severally in equal proportions), subject to certain conditions and termination events.

The following is a summary of the principal provisions of the Underwriting Agreement.

For the purposes of this Section 11.7.1:

**Offer Documents** means the following documents issued or published by or on behalf of DBI in respect of the Offer:

- the Prospectus and any Application Form;
- the Institutional Offering Memorandum;
- certain other written communication that constitutes an offer to sell or the solicitation of an offer to buy the Stapled Securities in the United States or to, or for the account or benefit of, US Persons;
- final pricing information relating to the Stapled Securities; and
- certain marketing, roadshow and/or ASX announcement(s) used by or on behalf of DBI to conduct the Offer.

## 11. Additional Information (continued)

### 11.7.1.1 Fees and expenses

On the Settlement Date (but subject to the Offer Completing), DBI must pay the Joint Lead Managers in their relevant proportions (as set out in the Underwriting Agreement):

- an underwriting, management and settlement fee of 2.3% of the Offer Proceeds (exclusive of GST) (the Offer Proceeds being for this purpose the number of Stapled Securities issued under the Offer less the number of Stapled Securities issued to Existing Securityholders or their respective affiliates, multiplied by the Offer Price); and
- in its discretion, an incentive fee of up to 0.7% of the Offer Proceeds.

The actual amount of fees payable to the Joint Lead Managers will not be known until the Settlement Date.

The Joint Lead Managers must pay, on behalf of (and as authorised by) DBI any commission and fees due to any Co-Lead Managers and Co-Managers appointed under the relevant syndicate agreements. The fees payable to the Co-Lead Managers and Co-Managers are payable out of the underwriting fees available to the Joint Lead Managers under the Underwriting Agreement.

In addition to the fee described above, DBI must reimburse the Joint Lead Managers for certain other reasonable agreed costs and expenses (as set out in the Underwriting Agreement) incurred in connection with the Offer.

### 11.7.1.2 Termination events not limited by materiality

As described below, if any of the following events occurs at any time before 5.00pm on the Settlement Date or at any earlier time as specified below, any Joint Lead Manager may terminate its obligations without cost or liability by notice to DBI, the Guarantor and the other Joint Lead Managers:

- **(disclosures in Offer Documents)** a statement contained in the Offer Documents (excluding the Institutional Offering Memorandum or certain documents associated with the Institutional Offering Memorandum) is or becomes materially misleading or deceptive (including by omission) (or there is a material omission from the Offer Documents of material required by the provisions of sections 710, 711, 715A and 716 of the Corporations Act);
- **(disclosures in the Institutional Offering Memorandum or certain documents associated with the Institutional Offering Memorandum)** the Institutional Offering Memorandum or certain documents associated with the Institutional Offering Memorandum include:
  - an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; or
  - any forecast, expression of opinion, intention or expectation which is not, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole;
- **(market fall)** at any time the S&P/ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the last trading day before the Lodgement Date and is at or below that level at the close of trading:
  - for 2 consecutive Business Days on or after the date of this agreement; or
  - on the Business Day immediately prior to the Settlement Date;
- **(forecasts and other future matters)** the Offer Documents include any material forecast, expression of opinion, belief, intention or expectation that relates to a future matter which:
  - is not, or ceases to be, based on reasonable grounds in the reasonable opinion of a Joint Lead Manager (including having regard to ASIC Regulatory Guide 170); or
  - is or becomes incapable of being met or is unlikely to be met or, in the reasonable opinion of a Joint Lead Manager, is unlikely to be met in the projected time (including, in each case, financial forecasts);
- **(new circumstance)** there occurs a new circumstance that has arisen since the Prospectus was lodged that would have been required to be included in the Prospectus if it had arisen before lodgement, and is adverse from the point of view of an investor;
- **(Supplementary Prospectus)** either:
  - DBI issues, or becomes required to issue, a Supplementary Prospectus because of a circumstance set out in sections 719(1) or 728 or to amend or supplement, in any material respect, the Institutional Offering Memorandum or certain documents associated with the Institutional Offering Memorandum; or
  - DBI lodges a Supplementary Prospectus with ASIC in a form that has not been approved by the Joint Lead Managers in the circumstances required under the Underwriting Agreement;



- **(voluntary escrow arrangements)** the Escrow Deed is withdrawn, varied, terminated, rescinded, breached, altered or amended, or likely to be breached or found to be void or voidable or are unable to, or likely to be unable to, be performed;
- **(Restructure documents)** any of the documents entered into to implement the Restructure are withdrawn, varied, terminated, rescinded, breached, altered or amended, or likely to be breached or found to be void or voidable or are unable to, or likely to be unable to, be performed;
- **(Note Trust Deed)** the Note Trust Deed is withdrawn, varied, terminated, rescinded, breached, altered or amended, or likely to be breached or found to be void or voidable or are unable to, or likely to be unable to, be performed;
- **(unable to issue)** DBI is prevented from allotting and issuing the Stapled Securities within the time required by the timetable contained in the Underwriting Agreement (as it may be varied in accordance with the Underwriting Agreement), the Offer Documents, the Listing Rules, applicable laws, an order of a court of a competent jurisdiction or a government agency;
- **(change to DBI)** DBI:
  - alters the issued capital of DBI or a member of the Group; or
  - disposes or attempts to dispose of a substantial part of the business or property of DBI or any member of the Group,

other than as disclosed in the Prospectus, the Institutional Offering Memorandum or certain documents associated with the Institutional Offering Memorandum, or otherwise permitted by this agreement or required in connection with the Restructure, without the prior written consent of the Joint Lead Managers;
- **(change in key executives)** a change in DBI's chief executive officer, chief financial officer or chairman is announced or occurs;
- **(prosecution or fraud)** either:
  - DBI or any member of the Group or a director or officer of DBI or any member of the Group engage in any fraudulent conduct or activity or is charged with an indictable offence relating to any financial or corporate matter; or
  - any director of DBI or any member of the Group is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- **(insolvency)** DBI or a member of the Group is or becomes insolvent or there is an act or omission which is likely to result in DBI or a member of the Group becoming insolvent;
- **(Material Contracts)** if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group or any of the material contracts summarised in Section 11.7 of this Prospectus are not capable of being performed materially in accordance with their terms (in the reasonable opinion of the Joint Lead Manager) or if all or any part of those contracts are withdrawn, terminated or rescinded; breached, altered or amended other than in an immaterial respect; or likely to be breached other than in an immaterial respect; or found to be void or voidable or are unable to, or likely to be unable to, be performed;
- **(Timetable)** any event specified in the timetable contained in the Underwriting Agreement to occur prior to or including the commencement of normal trading is delayed by more than 1 Business Day without the prior written approval of the Joint Lead Managers;
- **(listing and quotation)** approval is refused or not granted for:
  - DBI's admission to the official list of ASX; or
  - the official quotation of all of the Stapled Securities on ASX,

by the date specified in the Underwriting Agreement or if granted, the approval is subsequently withdrawn (without immediate replacement), qualified (other than by customary pre-quotation listing conditions or other conditions acceptable to DBI and the Joint Lead Managers, acting reasonably) or withheld, or ASX indicates to DBI that approval is likely to be withdrawn, qualified (other than by customary pre-quotation listing conditions or other conditions acceptable to DBI and the Joint Lead Managers, acting reasonably) or withheld;
- **(notifications)** any of the following notifications are made in respect of the Offer or the Offer Documents:
  - ASIC issues an order (including an interim order) under sections 739 or 1324B of the Corporations Act;
  - ASIC gives notice of a hearing (or an intention to hold a hearing) under section 739(2) of the Corporations Act;

## 11. Additional Information (continued)

- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
- any person (other than a Joint Lead Manager seeking to terminate the Underwriting Agreement) gives a notice under section 733(3) of the Corporations Act or any person (other than a Joint Lead Manager seeking to terminate the Underwriting Agreement) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent; or
- any person (other than a Joint Lead Manager seeking to terminate the Underwriting Agreement) gives a notice under section 730 of the Corporations Act in relation to the Prospectus,

and in each case the relevant order, notice, application or investigation is not withdrawn or otherwise satisfactorily dealt with within 2 Business Days, without having become public (or if it is made within 2 Business Days of the Settlement Date, it is not withdrawn or otherwise satisfactorily dealt with by 10.00am on the Settlement Date, without having become public);

- **(withdrawal)** DBI withdraws an Offer Document or all or any part of the Offer or indicates that it does not intend to proceed with the Offer or any part of it;
- **(certificate)** DBI does not provide a closing certificate as and when required by this agreement; or
- **(illegal or impossible)** there is an event, occurrence or non-occurrence which makes it illegal or impossible for the Joint Lead Manager to satisfy an obligation under this agreement, or to market, promote or settle the Offer, or to satisfy an obligation under this agreement at the time or within the time period required by this agreement, including:
  - any act, statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency, orders of any courts or other action which has this impact; or
  - any acts of God or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency, or any other event similar to the aforementioned.

### 11.7.1.3 Termination events limited by materiality

If one of the following events occurs at any time before 5.00pm on the Settlement Date or at any earlier time as specified below, a Joint Lead Manager may terminate its obligations under the Underwriting Agreement without cost or liability by notice to DBI if it has reasonable and bona fide grounds to believe that the event:

- has, will or is likely to have a materially adverse effect on:
  - the ability of the Joint Lead Manager to market the Offer, or the outcome, success or settlement of the Offer;
  - the willingness of investors to subscribe for the Stapled Securities; or
  - the price at which Stapled Securities are sold or the likely price at which Stapled Securities will trade on ASX; or
- has given, or is likely to give, rise to a contravention by the Joint Lead Manager of, or liability for the Joint Lead Manager under, the Corporations Act, any other applicable laws or the rules of any securities exchange.

A Joint Lead Manager can terminate as above, if any of the following events occur:

- **(disclosures in due diligence report)** the due diligence report prepared in connection with the Offer or the verification material or any other information supplied by or on behalf of the DBI or any member of the Group to the Joint Lead Managers in relation to the Group or the Offer (including any information supplied prior to the date of this agreement) is (or is likely to be), or becomes (or becomes likely to be) false, misleading or deceptive (including by way of omission);
- **(adverse change)** any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses, prospects or forecasts of DBI or the Group, including from those respectively disclosed in any Offer Document or other public information;
- **(breach)** DBI or Dalrymple Bay Infrastructure Holdings Pty Ltd breach one or more of their respective obligations under the Underwriting Agreement;

- **(representations, warranties and undertakings)** a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of DBI or Dalrymple Bay Infrastructure Holdings Pty Ltd (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- **(breach of laws)** there is a contravention by DBI or any member of the Group of the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- **(change in management)** a change in DBI's Board (other than the chief executive officer, chief financial officer or chairman) is announced or occurs;
- **(legal proceedings)** legal proceedings are commenced against DBI or any member of the Group or against any director (or proposed director) of DBI or any member of the Group in that capacity, or any government agency commences any enquiry or public action against DBI or a member of the Group or any of their respective directors (or proposed directors) in their capacity as such, or announces that it intends to take action, or any government agency or makes any adverse finding or ruling in relation to DBI or any member of the Group;
- **(debt covenants)** DBI or any member of the Group is in breach of any debt covenant;
- **(regulatory approvals)** a regulatory body does not grant or withdraws, revokes or amends in an adverse manner any regulatory approvals required for DBI to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- **(accuracy of certificate)** a statement in any closing certificate is false, misleading, inaccurate, incorrect, untrue or incorrect (including by way of omission);
- **(change of law)** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia, a new law, or the Reserve Bank of Australia, ASIC, ASX or any Commonwealth or State authority adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets or affect the taxation treatment of the Offer Securities as contemplated in the Prospectus;
- **(hostilities)** hostilities not existing at the date of this agreement commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, the United States, the United Kingdom, Japan, any member of the European Union, North Korea, South Korea, Hong Kong or China, or the declaration by any of these countries of a national emergency (other than as already existing prior to entry into this agreement) or an escalation in an existing national emergency, or a significant terrorist attack is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world; or
- **(disruption in financial markets)** any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom, Japan, any member of the European Union, Hong Kong or China is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse disruption or change (or any escalation thereof) to the existing financial markets, political or economic conditions or currency exchange rates or controls of Australia, the United States, the United Kingdom, Japan, any member of the European Union, Hong Kong or China or the international financial markets, or any development involving a prospective change in the financial markets, political or economic conditions or currency exchange rates or controls in any of those countries; or
  - trading in all securities quoted or listed on ASX, the London Stock Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for 1 day (or a substantial part of 1 day) on which that exchange is open for trading, or a Level 3 "market-wide circuit breaker" is implemented by the New York Stock Exchange upon a 20% decrease against the prior day's closing price of the S&P 500 Index only.

## 11. Additional Information (continued)

### 11.7.1.4 Effect of termination of the Underwriting Agreement

If a Joint Lead Manager validly terminates its obligations under the Underwriting Agreement, that Joint Lead Manager will be discharged from its obligations under the Underwriting Agreement. If a Joint Lead Manager terminates, 1 or more of the remaining Joint Lead Managers may elect to take up the rights and obligations of the terminating Joint Lead Manager by providing written notice of its election as prescribed under the Underwriting Agreement. If a Joint Lead Manager terminates and the remaining Joint Lead Managers do not make an election within the time frame prescribed by the Underwriting Agreement, the remaining Joint Lead Managers are deemed to have terminated their remaining obligations under the Underwriting Agreement. If the remaining Joint Lead Managers elect to take up the rights and obligations of the terminating Joint Lead Manager, they do so in their relevant proportions as set out in the Underwriting Agreement and DBI must pay the remaining Joint Lead Managers the fees that would have been payable to the terminating Joint Lead Manager under the Underwriting Agreement had they not exercised their right.

### 11.7.1.5 Representations, warranties and undertakings

The Underwriting Agreement contains certain representations and warranties provided by DBI to the Joint Lead Managers as well as customary conditions precedent (including relating to conducting due diligence, lodgement of the Prospectus and DBI or BIP (as relevant) entering into the Note Trust Deed, the Escrow Deed and documentation relating to the Restructure).

The representations and warranties by DBI relate to matters such as the conduct of DBI, implementation of the Restructure, disclosure and compliance with applicable laws, due diligence, insolvency, no encumbrances over assets, litigation, insurance, information in this Prospectus and the conduct of the Offer.

A number of representations and warranties are also given by:

- each Joint Lead Manager to DBI; and
- the Guarantor to each Joint Lead Manager.

DBI's undertakings include amongst other undertakings that it will not, without the prior written consent of the Joint Lead Managers at any time from the date of the Underwriting Agreement and up to 120 days after Completion, undertake certain actions, including not making changes to its business and not allotting or agreeing to allot (or indicating that it may do so) any Stapled Securities (or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity of DBI or any member of the Group) subject to certain limited exceptions, including pursuant to an employee security plan, non-underwritten dividend reinvestment plan or a bonus security plan.

### 11.7.1.6 Indemnity

Subject to certain exclusions under the Underwriting Agreement, relating to, amongst other things, gross negligence, wilful misconduct, fraud or illegal criminal act or omission (other than an illegal criminal act or omission which has arisen because of a failure by DBI, Dalrymple Bay Infrastructure Holdings Pty Ltd or their respective affiliates to comply with law or the Underwriting Agreement) of the indemnified party claiming the benefit of the indemnity, DBI will indemnify and keep each of the Joint Lead Managers, and certain of their affiliated parties, indemnified from and against all losses incurred in respect of the Offer, the Offer Documents or the appointment of the Joint Lead Managers, including for losses, claims, damages or liabilities under the US Securities Act and other US securities laws.

## 11.7.2. Voluntary Escrow Arrangements

BIP has entered into a voluntary escrow deed (**Escrow Deed**) in respect of the Stapled Securities it will hold in DBI on Completion of the Offer (**Restricted Stapled Securities**). The Escrow Deed prevents BIP from dealing with its Stapled Securities for the periods set out below:

- in respect of one third of the Restricted Stapled Securities, the period ending at the close of trading on ASX on the day the unaudited financial results of DBI for the half year ending on 30 June 2021 are provided to the ASX;
- in respect of one third of the Restricted Stapled Securities, the period ending at the close of trading on ASX on the day the audited financial results of DBI for the year ending on 31 December 2021 are provided to the ASX; and

- in respect of the remaining one third of the Restricted Stapled Securities, the period ending at the close of trading on the ASX on the day the unaudited financial results of DBI for the half year ending 30 June 2022 are provided to the ASX,

(the **Escrow Period**).

BIP may hold up to 49% of the Stapled Securities immediately following Completion of the Offer, and these Stapled Securities would be Restricted Stapled Securities. Any decision by BIP to sell down its Restricted Stapled Securities in DBI following the expiry of the voluntary escrow arrangements will be a decision made having regard to a range of factors.

The restriction on “dealing” is broadly defined and includes, among other things, to dispose of, or agree or offer to dispose of, the Restricted Stapled Securities or any legal, beneficial or economic interest in the Restricted Stapled Securities or to create or agree or offer to create any security interest in the Restricted Stapled Securities.

BIP may be released early from the Escrow Deed, as required by law or to enable:

- the acceptance of a bona fide third party takeover bid in respect of all or a proportion of the Restricted Stapled Securities, provided that the holders of at least half of the Stapled Securities that are not subject to escrow arrangements, and to which the offers under the takeover bid relate, have accepted an offer under the takeover bid; or
- the Restricted Stapled Securities to be transferred or cancelled as part of a merger by scheme of arrangement relating to DBI under Part 5.1 of the Corporations Act,

provided that, in each case, if for any reason any or all of the Restricted Stapled Shares are not transferred or cancelled in accordance with such a takeover bid or scheme of arrangement, then BIP agrees that the restrictions applying to the Restricted Stapled Shares will continue to apply.

### 11.7.3. Operation and Maintenance Contract

The day to day operation and maintenance of DBT is carried out by the Operator in accordance with the OMC between the Operator and DBI.

The OMC continues indefinitely, unless terminated on:

- 5 years notice by DBI; or
- 2 years notice by the Operator, except that if the 2 years notice would expire during the term of the Access Undertaking, the term will be extended until the next expiry of the Access Undertaking or 5 years after the date of the notice, whichever is earlier.

The Operator is owned by a majority of the third party Users of DBT.

#### 11.7.3.1. Operator obligations

Under the OMC Contract, the Operator is:

- responsible for the day to day operation and maintenance of DBT; and
- required to provide DBI with reports and adequate information, to allow the group to monitor the operation and maintenance and plan potential future operation, maintenance and development of DBT,

(the **Services**).

#### 11.7.3.2. Fees

DBI pays the Operator:

- contract rates which are calculated on the basis of full recovery of operational costs by the Operator, plus an Operator’s margin of 10%; plus
- other consulting service fees and reimbursable expenditures;
- reimbursable capital expenditure that is part of an approved budget or otherwise approved by DBI;
- urgent capital expenditure necessary to ensure that the continued operation of DBT is not materially affected (or that any material adverse effect is minimized) of up to \$300,000; minus
- any income received by the Operator from third parties by way of wharfage and line handling fees.



## 11. Additional Information (continued)

### 11.7.4. Access Agreements

The provision of coal handling services at DBT is governed by contracts between each User and DBI. Each Access Agreement in place for DBT is based on the terms of a SAA annexed to the Access Undertaking in force at the time that the Access Agreement was entered into. The terms of the SAA attached to each of the three access undertakings that have been in place for DBT since 2006 have been very similar.

### 11.7.5. Annual Contract Tonnage

Each Access Agreement grants the customer a right to ship a nominated amount of coal through DBT each financial year (**Annual Contract Tonnage**). The User must use reasonable endeavours to deliver its Annual Contract Tonnage through DBT each financial year.

Users may apply to DBI for an increase in Annual Contract Tonnage if terminal capacity is available or to reduce Annual Contract Tonnage without penalty if five years notice is given to DBI of the extent and period of reduction required.

#### 11.7.5.1. DBI obligations

DBI must:

- make DBT available and operate it to enable the Annual Contract Tonnage for each customer to be handled at DBT each financial year; and
- provide the coal handling services nominated in the Access Agreement.

#### 11.7.5.2. Access Charges

Each customer must pay DBI charges to access DBT. The access charges are divided into three parts:

- A capital charge, known as the "Terminal Infrastructure Charge" or "TIC" payable for the customer's Annual Contract Tonnage. If a customer ships an amount of coal greater than its Annual Contract Tonnage, DBI may also impose an 'Excess Charge' for each tonne of excess coal handled;
- a "handling" charge representing two parts: (i) fixed operation and maintenance costs of DBT (apportioned between all customers in accordance with their Annual Contract Tonnages) and (ii) variable operation and maintenance costs of DBT (apportioned between all customers in accordance with the actual number of tonnes of coal shipped by each customer in a financial year); and
- miscellaneous services charges for specific services provided to the customer that are not part of the standard service provided at DBT.

The circumstances where a customer receives relief from its obligations to pay the access charges are very limited. In particular, there is no relief from payment obligations for "force majeure" type events or delays in the provision of services caused by the Operator.<sup>180</sup>

The Access Agreements provide for all charges and the method of calculating charges under the Access Agreement to be periodically revised by agreement between DBI and each User, with agreed revisions to take effect from the date of commencement of each Access Undertaking, or if an Access Undertaking either ceases to be relevant to DBT or an Access Undertaking extends for more than 5 years, from each date that is five years after the last revision date. If the parties are not able to agree revisions, either party can refer the matter for arbitration by the QCA or, if the QCA is unwilling or unable to act, by a private arbitrator. The charges applying prior to the revision date will continue to apply until new charges are agreed or determined.

#### 11.7.5.3. Term

The term of an Access Agreement is negotiated between DBI and each User. Where a User enters an agreement for at least 10 years, the User receives a recurring option to extend the term for a further period of 5 years or such shorter time that coincides with the end of life of mine for that User. The option must generally be exercised no later than 1 year prior to the expiry of the relevant Access Agreement. In circumstances where there is a queue for access to DBT that cannot be satisfied without an expansion, DBI may call for the earlier exercise of the option.

180. A User may terminate its access agreement if terminal capacity is reduced below 10% of aggregate contracted capacity on a sustained basis and DBT does not commence reinstatement works within a reasonable time.

### 11.7.6. Port Services Agreement

The PSA is the primary source of obligations for DBI in relation to the operations, maintenance and expansion activities for DBT. The PSA is between DBI and two entities wholly owned by the Queensland Government, being DBCT Holdings Pty Ltd and NQBP.

#### 11.7.6.1. Term

The PSA commenced on 15 September 2001 and continues until the expiry of the DBT Leases on 14 September 2051, as may be extended by the option held by the DBT Trustee to renew the DBT Leases for a further 49 years (for further information in relation to the DBT Leases, see Section 11.7.7 below).

#### 11.7.6.2. Objectives

Under the PSA, DBI must develop, expand, operate and maintain DBT in an efficient and cost-effective manner to ensure:

- DBT meets the needs of existing and future Users;
- the efficiency of the coal transport chain (including the delivery of coal from coal mine sites to DBT and the handling of coal at DBT);
- the long term competitiveness of the Central Queensland coal industry;
- the long term economic sustainability of DBT and its operations;
- the efficiency of DBT; and
- the minimisation of an adverse impact of the operation of DBT on the environment.

DBCT Holdings may terminate the PSA on written notice if DBI fails to achieve the above objectives or for a range of other breaches (some of which allow for cure and others of which do not).

#### 11.7.6.3. Obligations

DBI must not materially alter, terminate or suspend the OMC (for further information in relation to this contract, see Section 11.7.3 above), or change the operator of DBT, without DBCT Holdings' consent.

There are general obligations on DBI to undertake capacity expansions of DBT as is necessary to accommodate the actual and anticipated growth in demand for the use of DBT unless to do so would be unreasonable and uneconomic or DBI is not able to obtain the required land or approvals for expansion, despite using best endeavours.

DBI must ensure that at all times during the lease term there is an Access Undertaking approved by the QCA in place, and that it complies with that undertaking. If DBT ceases to be declared, amendment to this term may need to be negotiated with DBCT Holdings.

At the end of the term of the PSA, if required by DBCT Holdings, DBI must remediate the land back to its natural state.

#### 11.7.6.4. Step in rights

DBCT Holdings may "step in" to remedy an emergency (which includes any event which jeopardises the health or safety of persons at DBT or causes material harm to the immediate environment of DBT) where DBI or the Operator are unwilling or incapable of remedying the emergency.

### 11.7.7. Framework Agreement for Hay Point Master Planning and Development

DPPM and NQBP entered into the HPFA in October 2011. At this time, NQBP was actively investigating the construction of two new coal export terminals (and associated infrastructure) within the area of the Port of Hay Point known as Dudgeon Point (the **Hay Point Project**). DPPM and NQBP entered into the HPFA to formalise the terms on which each party would collaborate (including by co-funding certain studies) to progress the development by NQBP of a master plan to determine, among other things, whether any area in the vicinity of Dudgeon Point would be suitable to enable the development of the Hay Point Project (**Master Plan**). The HPFA grants DPPM rights (as a preferred development proponent) to participate with NQBP in the development of the Master Plan and, subject to the Master Plan being completed and other requirements of the HPFA being met (including NQBP acquiring all of the land necessary to develop the Hay Point Project), to construct, lease and operate one of the two new coal export terminals that form part of the Hay Point Project. DPPM acknowledges in the HPFA that NQBP has granted a third party (under a separate agreement) the status of a preferred development proponent in connection with the development of the other new coal export terminal contemplated under the Hay Point Project.

## 11. Additional Information (continued)

The development of the Hay Point Project under the HPFA has not materially progressed since the agreement was entered into in October 2011. In November 2013, NQBP and DPPM formally agreed that:

- neither NQBP nor DPPM would be obliged to complete any of the studies contemplated by the HPFA (**Studies**);
- NQBP would however retain the right to complete the Studies at its own discretion; and
- NQBP would return the \$3.6m bank guarantee provided by DPPM to secure DPPM's funding obligations under the HPFA in respect of the Studies (without prejudice to DPPM's ongoing obligation to pay NQBP its agreed contributions for the Studies). This bank guarantee has been returned to DPPM.

### 11.7.7.1. Term

The term of the HPFA will continue unless the agreement is terminated by either of the parties in accordance with the terms of the HPFA. Both NQBP and DPPM are entitled to immediately terminate the HPFA (by providing written notice) if NQBP has not acquired the land necessary to enable the development of the Hay Point Project before 30 June 2014.

By way of a letter sent by NQBP to DPPM in February 2020, NQBP stated that there may be merit in NQBP and DPPM agreeing to terminate the HPFA. DPPM has not provided NQBP with its view on whether the HPFA should be terminated.

### 11.7.7.2. Indemnity

Under the HPFA, DPPM has indemnified NQBP and NQBP's directors, officers, consultants, contractors, sub-contractors and agents from and against all proceedings, actions, claims, demands, losses, liabilities, damages, costs and expenses (including in respect of damage to property or injury or death to persons) which may be brought against or suffered or incurred by NQBP, including for any breach by DPPM of the HPFA and any negligent act or omission of DPPM in connection with the performance or non-performance of the HPFA (except to the extent that any of the foregoing losses or related matters were caused by a negligent or wilful act or omission of NQBP).

## 11.7.8. Leases

The DBT Leases are the package of leases between the Queensland Government, acting through DBCT Holdings, and subsidiaries of DBI, which grants DBI tenure over DBT land and over certain plant and equipment located at DBT.

The DBT Leases include the:

1. plant lease, which governs the lease of the DBT plant and equipment from DBCT Holdings to DBI; and
2. land leases, which provide DBI with tenure in respect of on shore and offshore aspects of the DBT, along with associated infrastructure including roads to DBT. Some additional land leases for ancillary areas were granted in 2006 in connection with the 7X expansion.

### 11.7.8.1. Term

The DBT Leases terminate on 14 September 2051 however the DBT Trustee holds an option to extend the DBT Leases for a further 49 years.

### 11.7.8.2. Rent

The rental instalments due under the DBT Leases have been prepaid under the Lease Security Deposit Deed (summarised in Section 11.7.9). An additional payment of rent will be due in respect of the additional land leases granted in 2006 for the 7X expansion if the DBT Trustee exercises the option to extend the DBT Leases for a further period of 49 years. DBI does not expect this payment to be material.

### 11.7.8.3. Use

DBI may only use DBT for the purpose of providing coal handling services or as otherwise agreed with DBCT Holdings.

### 11.7.8.4. Repair and maintenance

DBI must at all times maintain service and keep DBT in good working order, repair and condition.

#### **11.7.8.5. Lessee default**

DBCT Holdings may, subject to the Tripartite Deed with financiers (for further information in relation to this, see Section 11.7.10.5), terminate the DBT Leases on written notice for a number of reasons, including:

- if DBI fails to pay money due and payable under any project document (which are a number of documents governing the relationship between DBI and the Queensland Government in relation to DBT, including the PSA and the DBT Leases) for 30 days after DBCT Holdings has given DBI notice of the non-payment;
- if DBI breaches the PSA or any of the other project documents and the breach is not cured after reasonable notice from DBCT Holdings;
- if DBI breaches the assignment and change in control provisions of the relevant lease and that breach is not remedied within 30 days after DBI becomes aware of the breach;
- if certain entities within DBI suffer an insolvency event which is not cured within 30 days; or
- in the event of force majeure which continues for a period in excess of 36 consecutive months.

#### **11.7.8.6. Ownership restrictions**

The DBT Leases contain restrictions on who may have an ownership interest in DBI without the consent of DBCT Holdings. These ownership restrictions have been reflected in the Constitution and are summarised in detail in Section 11.14.1.1. There are powers in the Constitution that will assist DBI to comply with these obligations (for further information in relation to this, see Section 11.14.1). Under the DBT Leases, while listed, DBI will have 60 days from becoming aware of an ownership breach to rectify it. DBCT Holdings must not unreasonably withhold its consent to an acquisition that will not result in:

- a User and the affiliates of that User in aggregate acquiring more than a 10% interest in the securities in DBI; or
- a person other than an “Approved Financial Institution” or “Approved Investor” increasing its interest in the securities in DBI to more than 20%.

For the purposes of the restrictions, the definitions of “Approved Financial Institution” and “Approved Investor” are set out in Section 11.14.1.1.

#### **11.7.9. Lease security deposit deed**

DBI is party to a Lease Security Deposit Deed with Queensland Treasury Corporation (QTC), DBCT Holdings, the State and NQBP. The purpose of this deed is to secure the rental payments that DBCT Holdings (as lessor) receives under the DBT Leases from the relevant entity in DBI.

##### **11.7.9.1. Term**

The Lease Security Deposit Deed continues until the satisfaction of all monetary obligations under the DBT Leases and PSA and all other obligations arising under the Lease Security Deposit Deed.

##### **11.7.9.2. Security Deposit**

In 2001, a lump sum cash amount was lodged with QTC to be held as cash collateral for payments (including rental instalments) to be paid by DBI to DBCT Holdings under the DBT Leases. When rental instalments are due, QTC pays the sum to DBCT Holdings from the security deposit. The lump sum cash amount was based on the net present value calculation of the rental payments due for the term of the DBT Leases, including the option to extend. A further amount was paid in 2006 on grant of additional ancillary leases in connection with the 7X Expansion but for the initial 45 year term only.

Given the deposit paid may not be sufficient to cover all rental instalments payable under the DBT Leases entered into in 2006, in the event of a shortfall DBI has agreed to immediately make a payment with any necessary interest to reinstate the deposit balance to an amount sufficient to meet any rental instalments under the DBT Leases.

## 11. Additional Information (continued)

### 11.7.10. Finance documents

#### 11.7.10.1. Overview of current debt

DBT Finance, DBIM and DBT Trustee are parties to a variety of debt arrangements including bank debt, credit wrapped notes, A\$ medium term notes and US private placements notes.

The senior debt arrangements generally have the benefit of the representations and warranties, undertakings and events of default under the Deed of Common Provisions (or equivalent provisions) (summarised in Section 11.7.10.2 below).

All senior debt arrangements are secured and have the benefit of the securities summarised in Section 11.7.10.4 below, and the benefit of a guarantee from DBIM and the DBT Trustee.

The debt maturity profile and arrangements are summarised in Figure 11.2 and Table 11.1 below.

Figure 11.2: Pro Forma Debt maturity profile as at IPO<sup>181</sup>

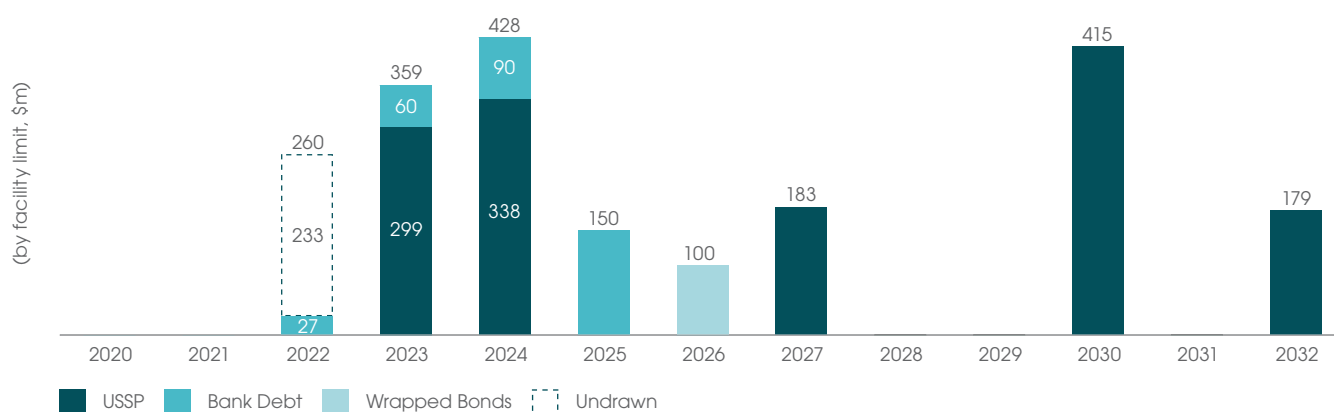


Table 11.1: Debt arrangements

	Type of Debt	Commitment	Maturity	Repayment
1	Syndicated term facility (A\$350m Syndicated Facility) <sup>182</sup>	A\$350,000,000	17 March 2021	Interest only with a lump sum payment of all amounts outstanding at maturity.
2	Syndicated revolving facility (A\$200m Syndicated Facility)	A\$200,000,000	6 June 2022	Interest only with a lump sum payment of all amounts outstanding at maturity.
3	Bilateral revolving liquidity facility (A\$60m Facility)	A\$60,000,000	20 September 2022  DBT Finance has the option to request an extension of the maturity on 20 September of each year provided its request is made not less than 60 days prior to maturity. The financier has sole discretion to accept the request no earlier than 20 days prior to the maturity date.	Interest only with a lump sum payment of all amounts outstanding at the maturity. For a period of not less than 3 consecutive business days in any 12 month period, all outstanding amounts must be reduced to zero.

181. Pro forma debt maturity profile, adjusted for \$777m USPP priced in September 2020 with funding date of December 2020, with proceeds used to refinance existing debt. Adjusted for \$170m de-gearing upon IPO, used to pay down the drawn balance of the A\$200m syndicated revolving facility, maturing in 2022. USD borrowings converted to AUD at swap-back value.

182. It is proposed that the A\$350m Syndicated Facility will be repaid in full from the proceeds of the 2020 USPP (described in item 10).



	Type of Debt	Commitment	Maturity	Repayment
4	Syndicated revolving facility (A\$300m Syndicated Facility)	<b>Tranche A:</b> A\$60,000,000  <b>Tranche B:</b> A\$90,000,000  <b>Tranche C:</b> A\$150,000,000	<b>Tranche A:</b> the date which is 2 years and 363 days after 28 February 2020;  <b>Tranche B:</b> the date which is 3 years and 363 days after 28 February 2020; and  <b>Tranche C:</b> the date which is 4 years and 363 days after 28 February 2020.	Interest only with a lump sum payment of all amounts outstanding at the maturity.
5	Bank guarantee facility (BG Facility)	A\$272,646	21 October 2021	Outstanding amounts must be repaid on demand.
6	2011 USPP (2011 USPP)	US\$300,000,000 5.57% Series B <b>Guaranteed Senior Secured Notes</b>	15 March 2023	Interest is paid semi-annually. The entire unpaid principal balance of the notes is due and payable on the maturity date. DBT Finance may prepay at any time, all or part of the notes at 100% of the principal amount plus a make-whole amount.
7	2012 USPP (2012 USPP)	US\$260,000,000 – 3.84% Series A <b>Guaranteed Senior Secured Notes</b>  A\$75,000,000 – 6.34% Series B <b>Guaranteed Senior Secured Notes</b>	12 September 2024	Interest is paid semi-annually. The entire unpaid principal balance of the notes is due and payable on the maturity date. DBT Finance may prepay all or part of the notes at 100% of the principal amount plus a make-whole amount.
8	A\$680m Credit Wrapped Notes (A\$680m Notes) <sup>183</sup>	Floating Rate Notes – Tranche B Notes A\$230,000,000  Floating Rate Notes – Tranche C Notes A\$100,000,000	Floating Rate Notes – Tranche B Notes 9 June 2021  Floating Rate Notes – Tranche C Notes 9 June 2026	Interest is paid quarterly. The entire unpaid principal balance of the notes is due and payable on the maturity date. DBT Finance may prepay the notes subject to certain conditions.  Scheduled principal and interest due under the notes are now guaranteed by Assured Guaranty Corp (who assumed the rights and obligations of Syncora Guarantee Inc (formerly XL Capital Assurance Inc) under a financial guarantee.

183. It is proposed that all Tranche B Notes will be redeemed in full out of the proceeds of the 2020 USPP (described in item 11).

## 11. Additional Information (continued)

	Type of Debt	Commitment	Maturity	Repayment
9	A\$200m Credit Wrapped Notes (A\$200m Notes) <sup>184</sup>	A\$200,000,000	12 December 2022	Interest is paid quarterly. The entire unpaid principal balance of the notes is due and payable on the maturity date. DBT Finance may prepay the notes subject to certain conditions. Scheduled principal and interest due under the notes are guaranteed by FGIC UK Limited under a financial guarantee.
10	2020 USPP (2020 USPP)	US\$105,000,000 – 3.820% Series 2020-A Guaranteed Senior Secured Notes US\$182,000,000 – 4.187% Series 2020-B Guaranteed Senior Secured Notes US\$40,000,000 – 4.352% Series 2020-C Guaranteed Senior Secured Note A\$35,246,017 – 4.146% Series 2020-D Guaranteed Senior Secured Notes A\$159,311,997 – 4.643% Series 2020-E Guaranteed Senior Secured Notes A\$122,656,140 – 4.869% Series 2020-F Guaranteed Senior Secured Notes	A Guaranteed Senior Secured Notes and D Guaranteed Senior Secured Notes due 2 December 2027 B Guaranteed Senior Secured Notes and E Guaranteed Senior Secured Notes due 2 December 2030 C Guaranteed Senior Secured Notes and F Guaranteed Senior Secured Notes due 2 December 2032	Interest is paid semi-annually. The entire unpaid principal balance of the notes is due and payable on the relevant maturity date. DBT Finance may prepay all or part of the notes at 100% of the principal amount plus a make-whole amount. The sale and purchase of the notes will occur on 2 December 2020. DBT Finance's obligations to issue and sell to each Purchaser the Notes to be purchased by such Purchaser is subject to certain closing conditions. Many of these conditions are procedural in nature and within DBT Finance's control.

### Hedging arrangements

Certain of DBT Finance's hedging arrangements contain restrictions on change of control. Please refer to section 11.7.10.3 below for a summary of these restrictions.

DBT Finance has entered into interest rate swaps and cross currency interest rates swaps with multiple financiers. Some of these arrangements provide that there will be a termination event in relation to DBT Finance, and its affiliates, if:

- a person or a related group of persons or entity acquires directly or indirectly the beneficial ownership of:
  - (A) equity securities having the power to elect a majority of the board of directors (or its equivalent); or
  - (B) any other ownership or interest enabling it to exercise control of DBT Finance, and its affiliates; or

184. It is proposed that all amounts outstanding under the A\$200m Credit Wrapped Notes (A\$200m Notes) will be repaid in full in December 2020 out of the proceeds of the USPP and existing undrawn revolving bank lines.

- DBT Finance, and its affiliates effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest,

and the credit worthiness of DBT Finance, and its affiliates is materially weaker immediately after the occurrence of that event than immediately prior to the occurrence of that event.

#### 11.7.10.2. Deed of Common Provisions

DBT Finance (as Borrower), DBIM (as Corporate Guarantor) and DBT Trustee (as Trust Guarantor) (together, the Guarantors) (each a **Transaction Party** and together the **Transaction Parties**) entered into the Deed of Common Provisions in favour of each present and future Finance Party on 24 May 2006 (**DCP**). The DCP has been amended over time and applies to all of DBT Finance's secured debt arrangements.

The DCP contains certain representations, warranties and undertakings that are typical for debt arrangements of this nature, including:

- financial assistance, commercial dealings, maintenance, insurance, inspection, preservation and protection of security, core business, tax losses, payment of outgoings, performance, material documents, laws and authorisations, corporate existence, constitution, undertakings in relation to the DBT Trust, hedging, debt service reserve account provisions and provision of a financial model;
- restrictions on disposals and a negative pledge;
- restrictions on distributions (including only one distribution per quarter, and subject to satisfaction of certain ratio levels in relation to the debt service coverage ratio, the forecast debt service coverage ratio, the gearing ratio and the reserve life and debt life calculation), and payment of directors, management and consultancy fees and like payments to directors, associates and related bodies corporate;
- compliance with financial ratios, including the gearing ratio (based on the RAB), the debt service coverage ratio and forecast debt service coverage ratio; and
- mandatory prepayment and debt service reserve requirements in certain circumstances.

The DCP contains a regime if there is a change in the mechanism pursuant to which the RAB is determined or if the RAB is no longer available as a result of there no longer being any determination of the value of the RAB of DBT by the QCA or otherwise, which means that the financial ratios become more restrictive with respect to compliance by the Transaction Parties or are unable to be determined. In these circumstances, the Transaction Parties and security trustee will negotiate amendments to those provisions so that the RAB change or RAB cessation will not cause compliance with the financial ratios to be more restrictive than when the DCP was entered into, and failing agreement will be determined by an independent expert.

Note that amendments to the DCP may need to be negotiated if the declaration of access to DBT is removed (in the event the judicial review process is successful) (described in Section 3.5.1) or following outcome of the regulatory reset (in the event the light handed regulations is applied (described in Section 3.5.2)).

The DCP contains certain events of default that are typical for debt arrangements of this nature, including in relation to failure to pay, misrepresentation, failure to perform, cross default, insolvency related defaults, vitiation of documents, breach of financial ratios, cessation of business, condemnation, reduction of capital, and a default if the Transaction Parties cease to own directly or indirectly a 100% interest in DBT, or if there is default under the DBT Tripartite Deed (which includes a breach of the change of control provisions in the terminal leases).

Certain of the debt arrangements contain additional undertakings with respect to accounts, non-expansive capex plans and, for the A\$680m Notes, the A\$200m Notes, the 2011 USPP, the 2012 USPP, the 2020 USPP, the A\$350m Syndicated Facility, the A\$200m Syndicated Facility and the A\$60m Facility, maintenance by certain Group members of a public and/or private credit rating.

## 11. Additional Information (continued)

### 11.7.10.3. Change of Control

Certain of DBT Finance's senior debt arrangements contain change of control provisions which if triggered result in a review event, or in some cases a requirement for repayment in full, namely when:

- (1) prior to (and other than as a result of or following) an IPO, Brookfield Infrastructure Partners LP and Brookfield Asset Management Inc. (each a **Brookfield Entity**) individually or in any combination:
  - (A) cease to directly or indirectly own in aggregate at least 50.1% of the ordinary shares in DBIM and at least 50.1% of the ordinary units of the DBT Trust; or
  - (B) cease to directly or indirectly control the DBIM and the DBT Trust; and
- (2) subsequent to (or as a result of) an IPO:
  - (A) DBI ceases (directly or indirectly) to:
    - (i) own in aggregate at least 50.1% of the ordinary shares in DBIM and at least 50.1% of the ordinary units of the DBT Trust; or
    - (ii) control DBIM and the DBT Trust; or
  - (B) any person (other than any Brookfield Entity or entities controlled by them, individually or in any combination) directly or indirectly:
    - (i) owns in aggregate at least 50.1% of the ordinary shares in DBI; or
    - (ii) controls DBI,

together with, in some cases in respect of paragraphs (2)(A) and (B), an additional requirement that either:

- at such time the rating of certain debt instruments is Below Investment Grade and does not become Investment Grade in the 90 day period after a subsequent change; or
- at any time during the 90 day period after a subsequent change, the rating of certain debt instruments is downgraded to or becomes Below Investment Grade as a direct result of such subsequent change and such rating shall not subsequently become Investment Grade prior to the expiration of such 90 day period; or
- DBI is removed from the official list of ASX or trading in the ordinary shares of DBI on the ASX is suspended or halted for an agreed period.

**Below Investment Grade** means, in respect of certain debt instruments at any time, the debt instrument at that time have a rating below (i) 'BBB-' by S&P Global Ratings, (ii) 'Baa3' by Moody's Investors Service Limited or (iii) 'BBB-' by Fitch Ratings.

**Control**: has the meaning given in section 50AA of the Corporations Act, except that references to 'entity' in section 50AA of the Corporations Act shall apply equally to trusts and partnerships.

**Investment Grade** means a rating of any of the following or higher: (i) 'BBB-' by S&P Global Ratings, (ii) 'Baa3' by Moody's Investors Service Limited or (iii) 'BBB-' by Fitch Ratings.

### 11.7.10.4. Security Package

The secured financiers have the benefit of a security trust deed which establishes the security trust and provides for the security trustee to hold the security for the benefit of the beneficiaries of the security trust.

The secured financiers have the benefit of security pursuant to:

- a deed of charge under which each of DBT Finance, DBIM and DBT Trustee grant security over all of its assets, and which takes priority over all other security interests other than certain project security granted to DBCT Holdings, which is regulated by the DBT Tripartite Deed (described in Section 11.7.10.5);
- mortgages of leases under which each of DBIM and the DBT Trustee grant a mortgage over their right, title and interest in respect of DBT land leases (described in Section 11.7.8);
- a share and unit mortgage under which:
  - the BPIRE Trustee grants a mortgage over its present and future units (and associated rights) in the DBT Trust; and
  - BPIH grants a mortgage of its present and future shares (and associated rights) in DBIM, although noting that BPIH was released from the share and unit mortgage on 21 December 2018 as the shares in DBIM were transferred to Dalrymple Bay Infrastructure Holdings Pty Ltd; and

- a specific security deed under which Dalrymple Bay Infrastructure Holdings Pty Ltd grants a mortgage of its present and future shares (and associated rights) in DBIM,

and in each case which secure the secured moneys, being all amounts owing to the financiers in relation to each of the financing arrangements described in Section 11.7.10.1 above.

#### **11.7.10.5. DBT Tripartite Deed**

DBT Trustee (as Primary Lessee) and DBIM (as Secondary Lessee) (together, the Lessees), the security trustee, DBCT Holdings Pty Ltd, the State of Queensland and Ports Corporations Queensland Limited, which was succeeded by NQBP, entered into the DBT Tripartite Deed (**DBT Tripartite Deed**).

The DBT Tripartite Deed regulates the priorities between the project security that has been provided to DBCT Holdings Pty Ltd (including first ranking security over certain security deposits) and the lender security described above, and provides the security trustee with remedy rights to cure any default by DBIM or DBT Trustee under certain project documents, before exercising their rights to terminate those documents.

#### **11.7.10.6. New Finance Documents**

DBT Finance, DBIM and DBT Trustee are proposing to replace the existing secured debt platform, with a new Deed of Common Provisions, and refreshed security trust deed and securities. Financiers for new debt arrangements are required to consent to the terms of the new debt platform. Once the consent of all financiers at any time has been obtained, the new debt platform will be effected.

- **New deed of common provisions:** the representations and warranties, undertakings and events of default updated to reflect current market practice and in addition changes will include, but are not limited to:
  - removing the forecast debt service coverage ratio from the financial ratios;
  - the ability to amend the financial ratios for a change to accepted accounting practices;
  - the provision of a financial model will be replaced with an approved forecast; and
  - replacing the debt service reserve provisions.
- **New securities:** new security trust deed and new securities will cover security over the same properties and assets as the current securities, but will be updated to reflect current market practice.

#### **11.7.10.7. Intercompany loans**

There are intercompany loans between certain Group members, including DBT Finance, DBIM, DBT Trustee, Dalrymple Bay Infrastructure Holdings Pty Ltd and BPIT.

Under the terms of most of the intercompany loan agreements, an event of default will occur under the relevant document if there is any change of the activities of the relevant borrower which could materially and adversely affect the ability of that borrower to meet its obligations to the relevant Lender, which may include a change in ownership of more than 50% of the issued shares or 50% of the issued units in the relevant borrower.

Certain intercompany loan documents contain events of default including any “Potential Event of Default” or “Event of Default” under the third party secured debt documentation to which the intercompany loan relates.

There are certain intercompany loans between certain Group members and entities outside of the DBI Group. These intercompany loans will either be:

- forgiven and the relevant parties released prior to Completion of the Offer (described in Section 6.5.1) so that no amounts are owing under these loans to or by the DBI Group from or to entities outside of the DBI Group at Completion of the Offer; or
- settled as part of the Restructure (described in Section 11.6.1).



## 11. Additional Information (continued)

### 11.7.11. Transitional Services Agreements

From Listing, DBI and Brookfield Infrastructure Group (Australia) Pty Ltd (**Brookfield Infrastructure**) will be parties to a transitional services agreement (**Transitional Services Agreement**) under which Brookfield Infrastructure will provide certain transitional services to DBI for 12 months following Completion, including:

- legal, tax, company secretarial and treasury services, as agreed between the parties in writing from time to time;
- any service that Brookfield Infrastructure was providing during the 12 month period prior to Completion, which are reasonably necessary to enable DBI to conduct the business after Completion; and
- certain other incidental services.

There are no fees payable for the transitional services (unless otherwise agreed by the parties from time to time).

Either party will be able to terminate the Transitional Services Agreement for default or on insolvency of the other party. Either party is also able to terminate for convenience one or more services under the Transitional Services Agreement on 30 days' prior notice.

Under the agreement:

- DBI has granted an uncapped indemnity to Brookfield Infrastructure for any loss related to the provision of the services, non-compliance with third party arrangements or other restrictions notified to DBI by Brookfield Infrastructure, personal injury, death, and loss of or damage to property caused by DBI's negligence;
- Except for breach of confidentiality obligations under the agreement, Brookfield Infrastructure's aggregate liability in relation to the Transitional Services Agreement is limited to an amount equal to the fees (noting that there are no fees payable under the agreement, unless otherwise agreed);
- The agreement also contains a clause that excludes Brookfield Infrastructure's liability for:
  - consequential loss; and
  - any claim in connection with the agreement for an amount less than \$100,000.

### 11.7.12. Relationship Agreement

DBI and BIP entered into a relationship agreement on or about the Prospectus Date (**Relationship Agreement**), which (subject to the below exceptions) will continue in force until BIP and/or its affiliate ceases to hold at least 10% of the Stapled Securities in DBI (unless terminated earlier in accordance with its terms). Under the Relationship Agreement, the parties agree to give effect, or procure that their respective subsidiaries or affiliates give effect, to certain separation issues in connection with the Offer, including certain existing and ongoing arrangements between the parties.

In summary, the Relationship Agreement provides for:

- (**provision of information to BIP**) ongoing information sharing arrangements relating to the provision of accounting, financial or other information by DBI to BIP to enable BIP to comply with its obligations under applicable laws, financial and tax reporting obligations and other compulsory requirements of applicable legal, governmental, taxation, regulatory (including stock exchange) or licensing authorities, subject at all times to any applicable laws, undertakings to government agencies, confidentiality undertakings and provision of reasonable notice;
- (**sell-down assistance**) BIP may at any time decide to sell down or restructure its Securityholding in DBI. If BIP decides to conduct a sell-down or restructure of its Securityholding, it may request the reasonable cooperation and assistance of DBI in facilitating the sell-down or restructure;
- (**policies**) subject to BIP and/or its affiliates holding at least 20% of the issued Stapled Securities in DBI or such other date agreed by the parties, DBI will ensure that the governance arrangements and corporate policies of BIP, where the Board considers those to be appropriate having regard to all applicable laws, are adopted by DBI;
- (**Board, CEO and company secretary matters**): the following arrangements apply in relation to the Board, the CEO and the company secretary:
  - BIP has the right to appoint one director to the Board (**BIP Director**);
  - BIP has the right to appoint one alternate director (**BIP Alternate Director**), who may attend all meetings of the Board and its committees, even if the BIP Director is present (although the BIP Alternate Director may only act as alternate director if the BIP Director is absent); and

- subject to BIP and/or its affiliate holding at least 20% of the issued Stapled Securities in DBI or such other date agreed by the parties, the appointment of the CEO or company secretary and the CEO's or company secretary's remuneration must be approved by unanimous resolution of the Board (excluding the CEO where the resolution concerns the CEO) unless otherwise approved by Securityholder resolution;
- **(considerations)** subject to BIP and/or its affiliate holding at least 20% of the issued Stapled Securities in DBI or such other date agreed by the parties, where appropriate and to the extent permitted by law, the Finance and Audit Committee (and the Board, where relevant) will take into account the views of BIP and ensure that, where laws impose requirements on BIP or its affiliates, these requirements are also undertaken by DBI;
- **(pro-rata issue and employee incentive plans)** unless BIP agrees otherwise, DBI must ensure that any Stapled Securities issued by DBI are offered to Securityholders on a pro rata basis and Stapled Securities which are allocated under any employee or executive incentive plan will be sourced by purchasing them in the market;
- **(assistance with proceedings)** if litigation is threatened or commenced in connection with Listing or a future sell down or restructure, to the extent permitted by law, DBI must give BIP and its affiliates access to premises, books, records and due diligence documents in connection with the Listing or sell down or restructure. DBI must also provide any information, assistance and facilities which BIP reasonably requires;
- **(Wrong Pockets)** if after Completion an asset, encumbrance, guarantee, obligation, commitment or other liability of DBI, BIP or their affiliates is legally owned or allocated to one party but it is more properly owned or allocated to another party (**Wrong Pocket**), the parties must work together to rectify the Wrong Pocket and reimburse for any loss suffered as a result of the Wrong Pocket (if any); and
- **(insurance)** DBI is responsible for purchasing and maintaining directors and officers insurance for all Directors, including Directors nominated by BIP and any officers who are also officers or employees of BIP or its affiliates.

## 11.8. Participation in issues of securities

Except as described in this Prospectus, DBI has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of DBI's securities.

## 11.9. Selling restrictions

### 11.9.1. International offer restrictions

This document does not constitute an offer of New Securities in any jurisdiction in which such an offer would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia or New Zealand except in the jurisdictions listed below to the extent permitted below.

#### **Bermuda**

No offer or invitation to subscribe for New Securities may be made to the public in Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Securities.

#### **Canada (British Columbia, Ontario and Quebec provinces)**

This document constitutes an offering of New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Securities may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not a prospectus, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Securities or the offering of the New Securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the New Securities.

## 11. Additional Information (continued)

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with AAS and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

*Statutory rights of action for damages and rescission.* Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

*Certain Canadian income tax considerations.* Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Securities as there are Canadian tax implications for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

### **Cayman Islands**

No offer or invitation to subscribe for New Securities may be made to the public in the Cayman Islands or from within the Cayman Islands.

### **China**

This document has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the New Securities may not be offered or sold, nor may any invitation, advertisement or solicitation for New Securities be made from, within the PRC. This document does not constitute an offer of New Securities within the PRC.

The New Securities may not be offered or sold to legal or natural persons in the PRC other than to: (i) "qualified domestic institutional investors" as approved by a relevant PRC regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorization to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary PRC governmental approvals, registrations and/or filings (whether statutorily or otherwise).

### **European Union**

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Securities be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Securities in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

### **Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **Indonesia**

A registration statement with respect to the New Securities has not been, and will not be, filed with Otoritas Jasa Keuangan in the Republic of Indonesia. Therefore, the New Securities may not be offered or sold to the public in Indonesia. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the New Securities may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a “public offer” under the law and regulations of the Republic of Indonesia.

### **Japan**

The New Securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the “FIEL”) pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Securities is conditional upon the execution of an agreement to that effect.

### **Korea**

The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the New Securities under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. The New Securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea (“FSCMA”) and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the New Securities may not be offered or sold in Korea other than to “accredited investors” (as defined in the FSCMA).

### **Malaysia**

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Securities. The New Securities may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

### **Norway**

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Securities may not be offered or sold, directly or indirectly, in Norway except to “professional clients” (as defined in the Norwegian Securities Trading Act).

### **Qatar**

This document is provided on an exclusive basis to the specifically intended recipient thereof upon that person’s request and initiative, and for the recipient’s personal use only.

## 11. Additional Information (continued)

Nothing in this document constitutes, is intended to constitute, or shall be treated as constituting, any offer or sale of the securities in the State of Qatar or in the Qatar Financial Centre or any attempt to do business as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre.

This document and any related document have not been reviewed, approved, registered or licensed by the Qatar Central Bank, the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar.

Recourse against the Company or others involved with the Offer may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and the Qatar Financial Centre.

Any distribution of this document by the recipient to third parties in State of Qatar or the Qatar Financial Centre is not authorised and would be at the liability of such recipient.

### **Singapore**

This document and any other materials relating to the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's securities, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **Switzerland**

The New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Securities constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Securities may be publicly distributed or otherwise made publicly available in Switzerland. The New Securities will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Securities has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

### **United Arab Emirates**

This document does not constitute a public offer of securities in the United Arab Emirates and the New Securities may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Securities have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chair Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Securities has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Securities is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.



## United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended ("FSMA")) has been published or is intended to be published in respect of the New Securities.

The New Securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

## 11.10. Litigation and claims

As at the Prospectus Date, so far as the Board is aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or Governmental prosecutions of a material nature involving DBI or the DBT Entities which is likely to have a material adverse impact on the business or financial position of DBI.

On 29 June 2020, DBIM filed a case for judicial review against the Queensland Treasurer and Minister for Infrastructure and Planning (Minister) in the Queensland Supreme Court in relation to the statutory declaration of a service under the third party access regime in the *Queensland Competition Act 1997* (Qld). This regime grants third parties a legal right to access services in circumstances where the government views such access as promoting market competition.

DBIM is seeking orders setting aside the decision of the Minister and an additional declaration that the Minister did not have the power to make the decision as he could not have been properly satisfied that the mandatory statutory criteria were fulfilled.

If the application is successful and the court sets aside the decision, the ordinary course is that the decision would be remitted to the Minister to re-make the decision. If the court also makes the declaration that the Minister could not be properly satisfied of the mandatory criteria the Minister, acting within power, cannot re-make the decision. The case is listed for hearing on 23 to 27 November 2020. The implications of DBT ceasing to be a declared service are discussed in Section 3.5.

## 11.11. Description of syndicate

The Joint Lead Managers to the Offer are Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited.

The Co-Lead Managers to the Offer are Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited.

The Co-Managers to the Offer are Crestone Wealth Management Limited and Wilsons Corporate Finance Limited.

## 11. Additional Information (continued)

### 11.12. Consents to be named and inclusion of statements and disclaimers of responsibility

Each of the parties listed below in this Section 11.12 (each a **Consenting Party**) to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the consenting parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- Each of Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited has each given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as a Joint Lead Manager to the Offer;
- Each of Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Co-Lead Managers to the Offer;
- Each of Crestone Wealth Management Limited and Wilsons Corporate Finance Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Co-Managers to the Offer;
- Herbert Smith Freehills LLP has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as special United States legal adviser (other than in relation to taxation matters) to DBI in relation to the Offer;
- Herbert Smith Freehills has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to DBI in relation to the Offer;
- Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to DBI in relation to the Financial Information and to the inclusion in this Prospectus of its Investigating Accountant's Reports in Section 10;
- PricewaterhouseCoopers has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as taxation advisor to DBI;
- AME Consulting Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus and to the inclusion in this Prospectus of (i) the geographical and statistical information supplied by it as set forth in this Prospectus (ii) the statements in this Prospectus based on that information and (iii) the references to it in this Prospectus, in the form and context in which it appears;
- Link Market Services Limited ACN 083 214 537 has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the Registry to DBI;
- Equity Trustees Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in the Prospectus in the form and context in which it is named;
- Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of DBI; and
- SAIF has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as an investor in Stapled Securities.

No consenting party referred to in this Section 11.12 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each Consenting Party referred to in this Section 11.12 has not authorised or caused the issue of this Prospectus, does not make any offer of Stapled Securities and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, except as stated above in this Section 11.12.

## 11.13. Australian taxation considerations

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Stapled Securities under this Prospectus.

This general summary reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (collectively referred to as the "Tax Law"), and the regulations made under the Tax Law, and takes into account current tax rulings issued by the Australian Taxation Office ("ATO") and the current administrative practices of the ATO. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action.

The categories of Australian investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their Shares on capital account and Notes on revenue account on the basis they are regarded as a "traditional security" under section 26BB of the *Income Tax Assessment Act 1936*.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the *Income Tax Assessment Act 1997* (the Taxation of Financial Arrangements or "TOFA" regime).

This summary is based on the law in Australia in force at the time of issue of this Prospectus. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Stapled Securities will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Stapled Securities, taking into account their specific circumstances.

### 11.13.1. Nature of investment

For Australian tax purposes, a holder of a Stapled Security should be viewed as holding one ordinary share in DBI and a loan note in DBI. Each ordinary share and loan note should be treated each as a separate capital gains tax (CGT) asset.

Notwithstanding that the securities are stapled to one another, the nature and returns on each of the Stapled Securities will be dependent on the income tax classification of the relevant security.

### 11.13.2. Dividends on a Share

#### 11.13.2.1 Individuals and complying superannuation entities

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than \$5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

## 11. Additional Information (continued)

### 11.13.2.2. Corporate Investors

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a “qualified person”. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

### 11.13.2.3. Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a “qualified person”, the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary’s or partner’s share of the franking credit received by the trust or partnership.

### 11.13.2.4. Shares held at risk

The benefit of franking credits can be denied where an investor is not a “qualified person” in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares “at risk” for more than 45 days continuously, in the period beginning the day after the day on which the investor acquires the Shares and ending on the 45th day after the day on which the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares “at risk”. This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the dividend to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

### 11.13.3. Return on DBI Notes

Notwithstanding that the Shares and DBI Notes are stapled instruments, the DBI Notes should be treated as a debt interest under Division 974 of the Income Tax Assessment 1997. Any repayment in respect of the DBI Notes should be treated as a repayment of loan principal and a corresponding reduction in their cost base.

Any repayment in respect of the DBI Notes should not give rise to a taxable gain for Australian tax resident investors.

### 11.13.4. Disposal of Stapled Securities

The disposal of a Stapled Security will constitute a separate disposal of a Share and a DBI Note. Accordingly, the proceeds referable to the future disposal of each Share and DBI Note will need to be determined by apportioning the total proceeds received for the disposal of a Stapled Security on a reasonable basis.

#### **11.13.4.1. Disposal of Shares**

The disposal of Shares by an investor will be a CGT event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Shares (broadly, the amount paid to acquire the Shares plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the capital gain (after reduction of total capital gains by capital losses) where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months (not including the date of acquisition and disposal) and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months (not including the date of acquisition and disposal) before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Shares exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

#### **11.13.4.2. Disposal of DBI Notes**

The DBI Notes should be treated as a "traditional security" pursuant to section 26BB of the *Income Tax Assessment Act 1936*. Accordingly, any gains and losses that may arise from the disposal, transfer or redemption of the DBI Notes should be determined under section 26BB and 70B of the *Income Tax Assessment Act 1936* and will be treated as revenue gains or losses.

An Australian resident investor should include in its assessable income a gain or claim a deduction for a loss in relation to the disposal, transfer or redemption of the DBI Notes in the year of income in which the disposal, transfer or redemption takes place.

An Australian tax resident investor should have a gain if the proceeds on the disposal, transfer or redemption of the DBI Notes exceeds the cost of the DBI Notes. Any gain made by an Australian tax resident investor on the disposal, transfer or redemption of the DBI Notes will be ordinary income and not treated as a capital gain. Therefore, the investors will not be entitled to apply any capital losses against the gain and will not be entitled to apply the CGT discount concession.

Where the proceeds from the disposal, transfer or redemption of the DBI Notes are less than the cost of the DBI Notes, a loss will arise for the Australian tax resident investor. The loss may be deductible in the year the disposal, transfer or redemption of the DBI Notes takes place and will not be treated as a capital loss.

#### **11.13.5. Goods and Services Tax**

Investors should not be liable for GST in respect of their investment in Stapled Securities. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Stapled Securities. Separate GST advice should be sought by investors in this respect.

#### **11.13.6. Stamp duty**

Investors should not be liable for stamp duty in respect of the issue or allotment of the Stapled Securities as part of the initial public offer, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in DBI. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Investors on any subsequent transfer of Stapled Securities provided the Stapled Securities remain quoted on the ASX. Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.



## 11. Additional Information (continued)

### 11.13.7. Tax file numbers (TFN)

Resident investors may, if they choose, notify DBI of their TFN, ABN or a relevant exemption from withholding tax with regards to dividends. In the event DBI is not so notified, tax will automatically be deducted as the highest marginal rate, including where relevant, the Medicare Levy, from unfranked dividends.

Resident investors may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

## 11.14. Ownership restrictions

### 11.14.1. Constitution

As set out in Section 11.7.8.6, the DBT Leases contain restrictions on who may have an ownership interest in DBI without the consent of the State Lessor. Ownership restrictions are included in DBI's Constitution to assist DBI to comply with these obligations, which are summarised below. The Directors cease to have the power to enforce these ownership restrictions if the provisions in the DBT Leases placing restrictions on the ownership of DBI are removed or are otherwise no longer in effect.

As a result of the ownership restrictions contained in DBI's Constitution, and DBI ensuring that its Directors enforce such restrictions, the State Lessor provided its consent to the Offer on 8 October 2020.

#### 11.14.1.1. Ownership restrictions

Under DBI's Constitution, a person must not have a Prohibited Interest in DBI, which will occur in the following circumstances unless the prior consent of the State Lessor has been obtained:

- the Percentage Interest held in DBI by a person (not being an Approved Financial Institution or Approved Investor) increases from nil, or from 5% or less, to more than 5%;
- the Percentage Interest held in DBI by a person (being an Approved Financial Institution or Approved Investor) increases from nil, or from 20% or less, to more than 20%;
- by one or more transactions, there is an increase of at least 1% of the Percentage Interest held in DBI by the person (not being an Approved Financial Institution or Approved Investor), where, immediately prior, the Percentage Interest held by that person was more than 5%; or
- by one or more transactions, there is an increase of at least 1% of the Percentage Interest held in DBI by the person (being an Approved Financial Institution or Approved Investor), where, immediately prior, the Percentage Interest held by that person was more than 20%.

A person may have a Prohibited Interest even though they are not a party to the relevant transaction.

For the purposes of this Section 11.14.1.1:

**Affiliate** has the meaning given to "associate" by sections 10, 11, 12, 15 and 16 of the Corporations Act as if:

- to the extent that any of those sections purports to be an exclusive or exhaustive definition of "associate", that section is not an exclusive or exhaustive definition;
- the words of section 12(1) appearing after the words "in relation to a designated body" were deleted and replaced with a full stop; and
- for the purposes of section 15(1) of the Corporations Act, the matter to which the associate reference relates is:
  - any investment in DBT in Queensland;
  - the control of DBI;
  - access to DBT in Queensland or access to the services that DBT provides; or
  - the control of the operations of DBT in Queensland,

with the intent that any person will be regarded as being an Affiliate of a primary person for the purposes of the ownership provisions of DBI's Constitution if they would, in the circumstances to which those sections relate, be an associate of that primary person for any reason within those sections. Despite any other provision in DBI's Constitution, the reference to any part of the Corporations Act in this definition of "Affiliate" refers to:

- that part of the Corporations Act as in force at the date of incorporation of DBI, as amended or replaced by any statute where that amendment or replacement has been approved in writing by the State Lessor; and

- if all or a relevant part of the Corporations Act is repealed, the Corporations Act (or the relevant part of it) as in force at the date of incorporation of DBI, as amended or replaced by any statute where that amendment or replacement has been approved in writing by the State Lessor, and was in force immediately before such repeal.

**Approved Financial Institution** means:

- an authorised deposit-taking institution within the meaning of section 5(1) of the *Banking Act 1959* (Cth) which has net assets of at least the Base Amount;
- a body corporate authorised to carry on insurance business under the *Insurance Act 1973* (Cth) which has net assets of at least the Base Amount;
- a life company registered under the *Life Insurance Act 1995* (Cth) which has net assets of at least the Base Amount;
- a registered financial corporation under the *Financial Sector (Collection of Data) Act 2001* (Cth) which has net assets of at least the Base Amount;
- the trustee of:
  - a superannuation fund;
  - an approved deposit fund;
  - a pooled superannuation trust; or
  - a public sector superannuation scheme,

within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth), where the trust, fund or scheme has net assets of at least the Base Amount, and which is not:

- an entity the business of which is related to handling, storage or transportation of goods;
- Controlled by an entity the business of which is related to handling, storage or transportation of goods; or
- an entity that has an Affiliate (other than DBI) the business of which is related to handling, storage or transportation of goods;
- a corporation (statutory or otherwise) that is incorporated in Australia or an external Territory and is:
  - a public authority; or
  - an instrumentality or agency of the Crown in right of the Commonwealth of Australia or in right of a State or Territory of the Commonwealth of Australia;
- a foreign entity that, if established or incorporated in Australia, would be covered by any of the preceding paragraphs; or
- any other entity or class of entity approved in writing by the State Lessor,

that is not a User or an Affiliate of a User.

**Approved Investor** means:

- a person that controls at least the Base Amount (including any amount held under a trust that the person manages) for the purposes of investment and which is not:
  - an entity the business of which is related to handling, storage or transportation of goods;
  - Controlled by an entity the business of which is related to handling, storage or transportation of goods; or
  - an entity that has an Affiliate (other than the trustee of the DBT Trust or DBI) the business of which is related to handling, storage or transportation of goods; or
- any other entity or class of entity approved in writing by the State Lessor,

that is not a User or an Affiliate of a User.

**Base Amount** means \$100,000,000 Escalated at CPI.

**Controlled** refers to a situation where one entity exercises a power or control over a second entity where that power or control is direct or indirect or is, or can be, exercised as a result of, by means of, in breach of, or by revocation of trusts, relevant agreements and practices, or any of them, whether or not they are enforceable.

## 11. Additional Information (continued)

**CPI** means the “All Groups” Consumer Price Index published by the Australian Bureau of Statistics for the city of Brisbane (or any comparable index as advised by the Directors from time to time) for the calendar quarter last published before the relevant date.

**CPI<sub>Base</sub>** means the CPI for the Quarter ending 31 March 2006.

**CPI<sub>n</sub>** means the CPI current for the most recent quarter at the time that a calculation is made under the ownership provisions in DBI’s Constitution.

**Escalated at CPI** in relation to an amount means that amount adjusted, on 20 September 2006 and thereafter, by reference to a factor the numerator of which is CPI<sub>n</sub> and the denominator of which is CPI<sub>Base</sub>.

**Percentage Interest** means, in the case of a person and DBI, the proportion (expressed as a percentage) which the total votes attached to voting shares in which that person and an Affiliate of that person has a relevant interest (within the meaning of sections 608 and 609 of the Corporations Act) bears to the total number of votes attached to the voting shares. Despite any other provision of DBI’s Constitution, the reference to any part of the Corporations Act in this definition of Percentage Interest is a reference to:

- that part of the Corporations Act as in force at the date of incorporation of DBI, as amended or replaced by any statute where that amendment or replacement has been approved in writing by the State Lessor; and
- if all or a relevant part of the Corporations Act is repealed, the Corporations Act (or the relevant part of it) as in force at the date of incorporation of DBI, as amended or replaced by any statute where that amendment or replacement has been approved in writing by the State Lessor, and was in force immediately before such repeal.

### 11.14.1.2. Enforcement of ownership restrictions

The Directors and company secretary of DBI have powers and obligations to determine whether a person has a Prohibited Interest and, if so, enforce the prohibition against holding a Prohibited Interest. These include:

- requiring information from any Securityholder for the purpose of determining whether that person or any other person has, or is taking action to acquire or assist in acquiring, a Prohibited Interest (**Constitutional Notice**). The Directors must give a Constitutional Notice to a person whom they have reasonable grounds to believe has, or is taking action to acquire or assist in acquiring, a Prohibited Interest; and
- if a Securityholder is a Defaulting Securityholder, the Directors may:
  - suspend any voting rights (including the right to vote at any general meeting of Securityholders) and rights to receive or participate in any dividend or other distribution to or entitlement of Securityholders;
  - by notice in writing to the Defaulting Shareholder, require the Defaulting Shareholder to dispose of the Stapled Securities specified in the notice to a person other than a person who would be a Defaulting Shareholder as a consequence of that transfer within such period as is specified in the notice (being 28 days while DBI is listed, unless the ASX agrees otherwise); and
  - if the Stapled Securities specified in the notice are not disposed of by the Defaulting Shareholder within the period specified, execute all documents and instruments of transfer and do all such things as may be necessary to sell and transfer any Stapled Securities held by the Defaulting Shareholder to such person or persons as the Directors determine. The proceeds of any sale will be applied first to the cost of the sale and any amount unpaid on the Stapled Securities (if any) and then to the Defaulting Securityholder.

The number of Stapled Securities specified in the above notices must not exceed the number of Stapled Securities which, in the reasonable opinion of Directors, if disposed of in accordance with the notice, would result in that Defaulting Shareholder no longer being a Defaulting Shareholder.

For the purposes of this Section 11.14.1.2:

**A Defaulting Securityholder** is a Securityholder:

- who has been served with a Constitutional Notice but has not provided DBI with the information requested within 7 days;
- who in response to a Constitutional Notice, provides information to the effect that their Securityholding results in the Securityholder or some other person having a Prohibited Interest (whether or not the Securityholder was a party to any transaction which resulted in the Securityholder becoming a Defaulting Shareholder); or
- whose Securityholding results in that Securityholder or some other person having a Prohibited Interest (whether or not the Securityholder was a party to any transaction which resulted in that Securityholder becoming a Defaulting Shareholder).

### 11.14.2. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of securities in listed companies if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in DBI, either themselves or through an associate.

### 11.14.3. Foreign Acquisition and Takeovers Act

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisitions of securities and voting power in a company of 20% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where a foreign person holds a substantial interest in DBI or foreign persons hold an aggregate substantial interest in DBI, DBI itself will be a 'foreign person' for the purposes of the FATA.

Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer, and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Commonwealth Government's Foreign Investment Policy (**Policy**) or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

In addition, lower thresholds apply in certain circumstances, for example for foreign government investors. Furthermore, changes to the FATA and associated regulations are proposed that will, if enacted, give the Federal Treasurer more extensive powers with respect to investments by foreign persons and foreign government investors, including powers to review and make orders in respect of certain investments not meeting the thresholds referred to above in some circumstances.

## 11.15. Key legislation

### 11.15.1. Environmental Protection Act 1994 (Qld)

The primary legislation regulating environmental matters in Queensland is the *Environmental Protection Act 1994* (Qld) (**Environmental Protection Act**). The Environmental Protection Act's objective is to protect Queensland's environment while allowing for development that improves the total quality of life, both now and in the future, in a way that maintains ecologically sustainable development.

Under the Environmental Protection Act, it is an offence to carry out 'environmentally relevant activities' without an environmental authority for that activity. The Terminal Operator holds an environmental authority for the operations at DBT and is responsible for implementing environmental management systems consistent with the conditions of the environmental authority. DBT Operator is deemed to have daily management control of DBT and so has regulatory responsibility and accountability for the daily environmental performance of DBT. It is an offence to contravene a condition of an environmental authority.

In addition to the requirements found in the conditions of an environmental authority, the holder must also meet their obligations under the Environmental Protection Act and the regulations made under the Act. For example, the holder must comply with the following provisions of the Environmental Protection Act:

- general environmental duty;
- duty to notify of environmental harm;
- offence of causing serious or material environmental harm;
- offence of causing environmental nuisance;
- offence of depositing prescribed water contaminants in waters and related matters; and
- offence to place contaminant where environmental harm or nuisance may be caused.

Queensland environmental legislation is subject to legislative reform and change. The *Environmental Protection (Chain of Responsibility) Amendment Act 2016* (Qld) commenced in 2016, which gives the Queensland Department of Environment and Science the power to compel related bodies corporate, executive officers, financiers and Securityholders, and a select category of 'related persons', to satisfy the environmental obligations of holders of an environmental authority in Queensland.

## 11. Additional Information (continued)

### 11.15.2. *Aboriginal Cultural Heritage Act 2003 (Qld)*

The *Aboriginal Cultural Heritage Act 2003* (Qld) imposes a duty of care on all persons to take all reasonable and practicable measures to ensure that any activity conducted does not harm Aboriginal cultural heritage. Its object is to provide effective recognition, protection and conservation of Aboriginal cultural heritage.

### 11.15.3. *Native Title Act 1993 (Cth)*

The *Native Title Act 1993* (Cth) (NTA) sets out procedures under which native title claims may be lodged and determined and compensation claimed for the extinguishment or impairment of the native title rights or interests of Australian Indigenous peoples. Its object is to provide for the recognition and protection of native title, to establish ways in which future dealings affecting native title may proceed and to set standards for those dealings, to establish a mechanism for determining claims to native title and to provide for, or permit, the validation of past acts, and intermediate period acts, invalidated because of the existence of native title. Please see Section 7.1.19.

### 11.15.4. *Environmental Protection and Biodiversity Conservation Act 1999 (Cth)*

The *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) provides a federal framework to protect and manage matters of national environmental significance such as listed threatened species and ecological communities and water resources. In addition, the EPBC Act confers jurisdiction over actions that have a significant impact on the environment where the actions affect, or are taken on, Commonwealth land, or are carried out by a Commonwealth agency.

Under the EPBC Act, 'controlled actions' that have or are likely to have a significant impact on a matter of national environmental significance are subject to a rigorous assessment and approval process. A person must not take a 'controlled action' unless approval is granted under the Act. Any person proposing to carry out an 'action' that may be a 'controlled action' must refer the action to the Commonwealth Minister for a determination as to whether the proposed action is a controlled action.

Future expansions beyond DBT's footprint may be 'controlled actions' and require assessment and approval under the EPBC Act.

### 11.15.5. *Water Act 2000 (Qld)*

In Queensland, all entitlements to the use, control and flow of water are vested in the Queensland Government and regulated by the *Water Act 2000* (Qld) (**Water Act**). Allocations under the Water Act can be managed by a water supply scheme operator such as SunWater Limited, which is a Queensland Government owned corporation.

### 11.15.6. *Security of Critical Infrastructure Act 2018 (Cth)*

The *Security of Critical Infrastructure Act 2018* (Cth) (**Security of Critical Infrastructure Act**) establishes a register of "critical infrastructure assets", which records information about the entities having ownership, interest and control of specified critical infrastructure assets. The register is not a public register. The Port of Hay Point is included in the list of critical port assets listed in the Security of Critical Infrastructure Act. DBI (and other entities within the structure) are "direct interest holders" in DBT and as such, have an ongoing obligation to report interest and control information to the register.

The Minister administering the Security of Critical Infrastructure Act (the Minister for Home Affairs) is given the power to issue a direction to any operator of, or direct interest holder in, a critical infrastructure asset to do, or refrain from doing, things to mitigate a national security risk if specified criteria are satisfied, including that the Minister is satisfied that the specified act or thing is reasonably necessary for purposes relating to eliminating or reducing the risk and that the Minister has received an adverse security assessment under Part IV of the *Australian Security Intelligence Organisation Act 1979* (Cth) in respect of the operator or direct interest holder. Prior to issuing any direction, the Minister must consult with the operator or direct interest holder (as applicable) and the State Premier and the relevant State Minister that has responsibility for the regulation or oversight of the relevant industry in which the critical infrastructure asset is located has occurred.

The operation and effectiveness of the Security of Critical Infrastructure Act is due to be reviewed by the Parliamentary Joint Committee on Intelligence and Security in 2021.



## 11.16. ASX waivers and ASIC relief

### 11.16.1. ASIC exemptions and relief

DBI has applied for a modification to ASIC Corporations (Short Selling) Instrument 2018/745, which provides an exemption from compliance with section 1020B(7C)(a) of the Corporations Act relating to the prohibition of certain short sales of securities, on behalf of all persons who sell or offer to sell Stapled Securities during the period of conditional trading on ASX, to address certain technical issues with that Instrument.

### 11.16.2. ASX confirmations

DBI has received from ASX a number of in principle confirmations and waivers including:

- that the constitutional provisions relating to ownership (described further in Section 11.14.1) are appropriate and equitable for the purpose of Listing Rules 6.10.5 and 6.12.3;
- customary stapling waivers in relation to Listing Rules 1.1, 2.1 and 8.10 to allow the stapling of the each Share to a DBI Note; and
- that DBI may undertake conditional and deferred settlement basis trading of the Stapled Securities, subject to certain conditions.

DBI has applied to ASX for a number of other confirmations and waivers.

## 11.17. Transaction Costs

Transaction Costs are expected to be approximately \$128.6 million, and reflect Offer costs and other transaction costs. Offer costs include advisory, legal, accounting, tax and duty, listing and administrative fees, cornerstone commitment fees, the Joint Lead Managers' fees, Prospectus design and printing, advertising, marketing, and other expenses in relation to the Offer. Other transaction costs reflects a stamp duty claw back amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases. These costs have been, or will be, paid by DBI from the proceeds of the Offer (and are taken into account in determining the amount payable to the Existing Securityholders, as explained in Section 11.6.1).

## 11.18. Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

## 11.19. Statement of Directors

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.





## Appendix A:

# Significant and Critical Accounting Policies



# Appendix A: Significant and Critical Accounting Policies

## A.1. Basis of Consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of DBI and the results of all subsidiaries.

Subsidiaries are all those entities (including special purpose entities) controlled by DBI (its subsidiaries) (referred to as 'DBI Entities' in the Financial Information). Control of a subsidiary is achieved where DBI is exposed, or has rights, to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary as defined by AASB 10 *Consolidated Financial Statements*.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with those used by other members of DBI.

All intercompany transactions balances, and unrealised gains are eliminated in full on consolidation.

## A.2. Asset Acquisition

DBI has elected the optional concentration test allowed under AASB 3 *Business Combinations* (as amended in December 2018 and effective for business combinations from 1 January 2020) to account for the asset acquisition. The test permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

As an asset acquisition the consideration paid by DBI, comprising the net proceeds of the Offer, will be allocated to the acquired identifiable assets and liabilities on the basis of their relative fair values.

## A.3. Intangible Assets

DBI recognises an intangible asset arising from a service concession arrangement at cost less accumulated amortisation and accumulated impairment losses under Interpretation 12 *Service Concession Arrangements*.

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangibles assets classified under Interpretation 12 are amortised over the total lease period available to the DBT Group (99 years from September 2001 to September 2100). The total lease period available comprises a 50 year lease with an option for a 49 year extension.

Costs incurred in the evaluation and purchases of major capital projects are deferred to future periods to the extent that they are expected beyond reasonable doubt to be recoverable. Subsequent expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses.

As the lease is classified as a service concession and therefore an intangible asset it is not within the scope of AASB 16 *Leases*.

## A.4. Share-Based Payments

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

## A.5. Financial Assets

### Recognition, initial measurement and derecognition

Financial assets are recognised in the DBI's statement of financial position when DBI becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15 *Revenue from Contracts with Customer*, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

## Appendix A: Significant and Critical Accounting Policies (continued)

### Classification and subsequent measurement of financial assets

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit and loss (FVTPL)):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Subsequent measurement financial assets

#### Financial assets at amortised cost

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. DBI's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### Trade and other receivables and contract assets

DBI makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, DBI uses its historical credit loss experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

## A.6. Financial Liabilities and Equity

### Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The DBI Notes that will be issued to Securityholders upon Completion of the Offer are compound instruments as it has characteristics of both equity and financial liability. The equity and liability components are separated on initial recognition and accounted for in accordance with the equity instrument and financial liability accounting policies detailed below.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities are recognised in the DBI's statement of financial position when DBI becomes a party to the contractual provisions of the instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

### Financial liabilities at FVTPL

- Derivatives, except for derivatives that are financial guarantee contracts or a designated and effective hedging instrument, are classified as FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Fair value is determined in the manner described in Section 6.

### Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

## A.7. Revenue Recognition

Revenue arises mainly from Terminal Infrastructure charges and Handling charges.

To determine whether to recognise revenue, DBI follows a 5-step process:

1. identifying the contract with a customer.
2. identifying the performance obligations.
3. determining the transaction price.
4. allocating the transaction price to the performance obligations.
5. recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) DBI satisfies performance obligations by transferring the promised goods or services to its customers.

DBI does not recognise contract liabilities for consideration received in respect of unsatisfied performance obligations as this situation does not arise from the customer contracts, nor does DBI satisfy a performance obligation before it receives the consideration. All Customer contracts require payment in 30 days and no variable revenue considerations exist.

Revenue from a contract to provide services is recognised as follows:

### Terminal Infrastructure Charge

TIC is charged at a set rate per tonne of coal based on each Producer's annual contracted reference tonnage and is recognised as revenue on a pro-rata basis each month. The total TIC revenue for the financial year is approved by the QCA and is also known as the ARR or Revenue Cap.

### Handling charges (fixed)

DBIM sub-contracts the operations and maintenance of the terminal to an independent third-party operator owned by a majority of the customers of the terminal. Handling charges (fixed) are based on the independent operator's fixed operating costs and are recognised as revenue at the end of each month on a pro-rata basis and are trued-up annually in line with the terminal operator's quarterly reconciliations.



## Appendix A: Significant and Critical Accounting Policies (continued)

### Handling charges (variable)

Handling charges (variable) are based on the independent operator's variable operating costs and are recognised as income at the end of each month on a pro-rata basis and are trued-up annually in line with the terminal operator's quarterly reconciliations.

## A.8. Derivative Financial Instruments

DBI enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

DBI designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges); or
- hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### Hedge accounting

DBI designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

### Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the Statement of Profit or Loss and Other Comprehensive Income relating to the hedged item.

DBI discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of expenses or income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the Statement of Profit or Loss as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## A.9. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. DBI's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Adjustments are made for transactions and events occurring within the tax consolidated group that do not give rise to a tax consequence for DBI or that have a different tax consequence at the level of DBI.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Adjustments are made for transactions and events occurring within the multiple entry consolidated group that do not give rise to a tax consequence for DBI or that have a different tax consequence at the level of DBI.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where DBI is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### Tax consolidation

It is intended that a new tax consolidated group will be formed with DBI as the head entity of the tax consolidated group.

Upon formation of the DBI tax consolidated group, the underlying assets of the respective DBT Entities should broadly be reset to market value for income tax purposes.

Furthermore, DBI will be treated as a single taxpayer for Australian income tax purposes, and as head entity, DBI will be required to prepare and lodge a single tax return on behalf of the tax consolidated group, and will be the entity primarily responsible for all income tax obligations.

## Appendix A: Significant and Critical Accounting Policies (continued)

### A.10. Provisions

Provisions are recognised when DBI has a present obligation (legal or constructive) as a result of a past event, it is probable that DBI will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

#### Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas.

### A.11. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying DBI's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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.

Significant judgments, estimates and assumptions made by the Directors in the preparation of the Financial Information are outlined below:

#### Intangible assets with finite lives and impairment

Useful lives of intangible assets with finite lives are reviewed annually. Any reassessment of useful lives in a particular year will affect the amortisation expense (either increasing or decreasing) through to the end of the reassessed useful life for both the current and future years.

#### Asset retirement obligations

A provision for restoration and rehabilitation will be recognised for costs expected to be incurred on cessation of the lease term with the Queensland Government only when there is an obligation under the lease agreements, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be measured reliably. The provision reflects the present obligation based on the area disturbed at the balance sheet date, under DBI's obligations under the PSA.

Estimates for future restorations and rehabilitation costs are based on current legal requirements and technology and are discounted to their present value based on a market determined discount rate. The unwinding of the discount on the provision and the amortisation charge of the assets is recorded in the Statement of Profit & Loss and Other Comprehensive Income. Typically, restoration and rehabilitation involve restoring the site to its original condition. Changes in estimates will be dealt with on a prospective basis. It is noted that there are inherent uncertainties in the amount and timing of these outflows, as well as whether they will indeed be triggered.

The likelihood of restoration and rehabilitation is assessed by management on a regular basis. There are three triggering events under DBI's lease documents which may give rise to a rehabilitation obligation. These include: the lessor (DBCT Holdings Pty Limited, a wholly owned Queensland Government entity) giving 5 years notice prior to expiration of the lease term (99 years as the 49 extension is at DBI's option); DBI defaults but only after 20 years into the lease; and if DBI surrenders the lease and the lessor accepts the surrender subject to rehabilitation.

The Directors have assessed that no provision for rehabilitation is required in the Financial Information after consideration of the following factors:

- the lessor has not notified DBI of an obligation to rehabilitate the leased area under the PSA, there has been no default and DBI has not, nor does it intend to, surrender the lease;
- although there is a risk that the lessor will notify DBI of its obligation to rehabilitate the leased area, the rehabilitation requirements are unknown. DBI's current intention is to exercise the extension option and therefore the potential rehabilitation obligation may only occur in 2100. It is therefore difficult to reliably estimate the future costs of the rehabilitation given the significant uncertainty regarding the rehabilitation obligations. However, for the purposes of calculating a remediation allowance as part of DBIM's revenues under the Building Blocks methodology, the QCA has included a rehabilitation estimate in their 2017 Access Undertaking. This will effectively compensate DBI for any potential future obligation over the course of the regulatory period as allowed under DBIM's regulatory framework; and
- the demand for the deep-water nature of the port, which is rare and extremely expensive to build and subject to ever more stringent environmental approvals. This is coupled with the supporting rail infrastructure servicing the port, vacant surrounding land to support future expansion/industrialisation, geographical proximity to major equatorial shipping lanes and sheltered waters. These factors are taken against the backdrop of independent studies indicating extensive coal reserves in the Bowen Basin, implying continued economic life at the end of the full lease term.

However, the Directors have determined it is appropriate to disclose a contingent liability in respect of this.

### **AASB13 Fair Value Measurement**

AASB defines fair value as an exit price – the price to sell an asset or pay to transfer a liability in an orderly transaction. It also provides a single framework for how to measure fair value. Where fair value is prescribed, it has been necessary for management to make estimates and use judgment to arrive at fair value measurements, particularly for financial instruments and to incorporate credit risk in the fair value.

### **Deferred taxation on intangible assets**

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from the intangible asset, the directors have determined the tax base based on requirements as set out by the Australian Tax Office. In determining the tax base, it was necessary for management to make estimates and judgements to arrive at the tax base. Management has sought external guidance to assist with the determination of the tax base.





## Appendix B: Terminal Infrastructure



# Appendix B: Terminal Infrastructure

## B.1. Site overview and access

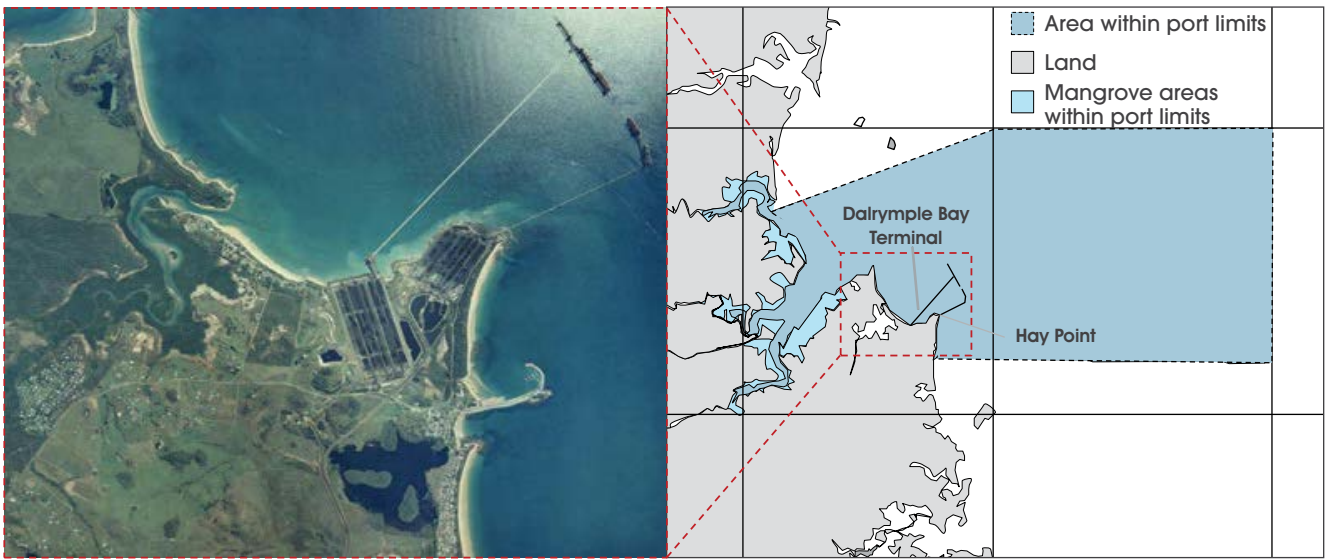
The Port of Hay Point is one of the largest global coal export ports in the world and the second largest coal export port in Australia, with a current capacity of 140Mpta. The port accommodates two of Australia’s largest coal export terminals – DBT and the adjacent HPCT, operated by BMA (see Figure B.1).

The Port of Hay Point includes channel access through the GBRWHA.

DBT’s onshore facilities occupy an area of approximately 214ha and the offshore facilities include a 3.8km jetty, four berths and coal outloading facilities.

Access to the channel is provided directly from the berths. However, the channel does not form part of the DBT leased area.

Figure B.1: Port of Hay Point Port Limits and surrounding areas



The site is within the Mackay Regional Council. However, as the port land is deemed “Strategic Port Land” under the *Integrated Planning Act 1997* (QLD), Mackay Regional Council has no planning control over the site. Planning related issues are overseen by NQBP.

The land use surrounding the Port of Hay Point is a mix of agricultural, rural/residential and urban. The residential areas neighbouring the port are the coastal communities of Louisa Creek, Salonika and Half Tide and the rural communities of Timberlands and Fenechvale.

Engagement with these communities is an important element of DBT’s daily operations, as well as its master planning and development processes. For additional detail regarding community engagement, refer to Section 5.6.

DBT is configured with three rail receiving stations (supported by a 2km rail loop), an eight row stockyard,<sup>185</sup> 3.8km jetty and four offshore berths all connected by a series of conveyor systems.

There are four primary access points to the terminal providing access to the rail receival station, stores and operations centre, corporate centre and wharf.

The rail receival station is the key access point for coal shipped to the terminal.

185. Row eight is a half row.

## Appendix B: Terminal Infrastructure (continued)

### B.2. Onshore and offshore infrastructure

Coal is inloaded to the terminal at the rail receival stations via bottom dump wagons. It is then transported within the terminal via a conveyor system and stored in the stockyard. The stockyard consists of eight stockpile rows serviced by five stacker-reclaimers, four stackers and three reclaimers, all of which are rail mounted.

Outloading conveyors then transport coal to the offshore shiploaders, for loading on waiting vessels. There are four berths allowing three vessels to be loaded at the same time and one to be stationed alongside while waiting to depart.

This critical onshore and offshore infrastructure is summarised in Table B.1 below.

Table B.1: Infrastructure Assets

Asset	Description
Inloading	Three rail inloading systems (details in Table B.2)
Conveyor Network	38km conveyor system
Stockyard	Stockyard has an area of over 67ha consisting of eight rows <sup>186</sup> (details in Table B.3)
Stackers	Four stackers (details in Table B.4)
Reclaimers	Three reclaimers (details in Table B.4)
Stacker-reclaimers	Five stacker-reclaimers
Surge Bins	Three surge bins that act as a buffer between stockyard reclaiming operations and the shiploaders
Outloading	Three outloading systems to the ship loaders (details in Table B.5)
Jetty	3.8km jetty supporting three conveyor gantries and two roadways
Shiploaders	Three shiploaders
Berths	Four shipping berths

### B.3. Inloading

DBT has three inloading stations, feeding three inloading conveyor systems which deliver coal to the stockyard. The inloading stations can accept a number of different train configurations and wagon types from any one of four above-rail haulage operators.

The coal wagons are bottom dump type, with the coal dropping out of the wagons and into the rail receival pits for transfer via inloading conveyor to the stockyard. The average train unload time is approximately 1 hour and 47 minutes.<sup>187</sup>

Any of the inloading stations can feed coal to the stackers or stacker-reclaimers in any part of the stockyard. This configuration provides significant flexibility when planning and optimising the location of stockpiles.

The specifications of each of the inloading stations are highlighted in Table B.2.

186. Row eight is a half row.

187. Average train unload time from 1 July 2019 to 30 June 2020.

Table B.2: Inloading asset specifications

	Inloading 1	Inloading 2	Inloading 3
Design Rate (tph)	5,500	5,500	8,100
Age (Years)	36	24	11

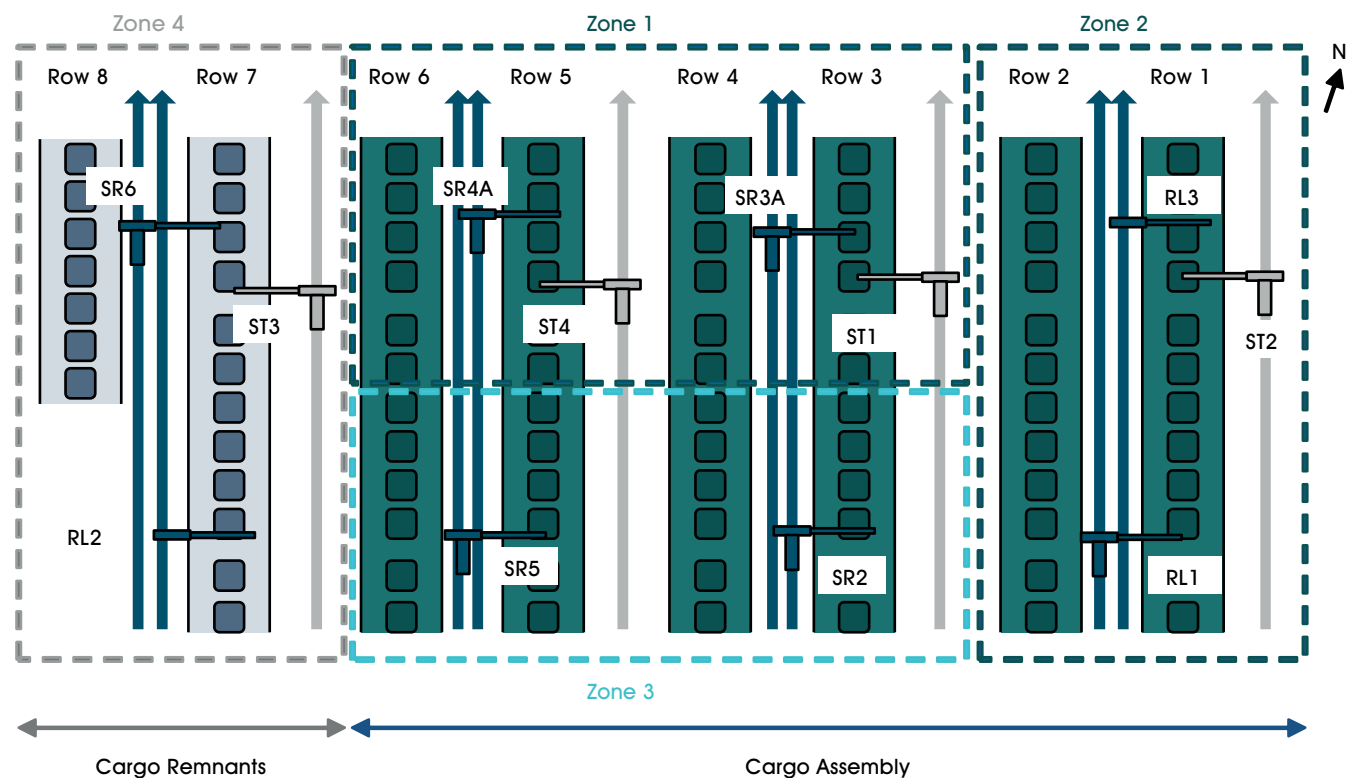
## B.4. Stockyard

The stockyard consists of eight machinery bunds which support twelve yard machines and eight stockpile rows.<sup>188</sup> These rows are each divided into three “cells” containing stockpiles (separated by drainage pits).

Operationally, the stockyard is divided into four independent zones, three of which are usually paired with a single outloading system as shown in Figure B.2.

Zones 1 to 3 operate as a dynamic zone, while Zone 4 is utilised as a static zone. Inbound coal is assembled for waiting vessels in the dynamic zone. Any excess coal not required to fulfil the parcel is then stacked in the remnant stockpile in Zone 4 and may be used for future requirements.

Figure B.2: DBT zonal configuration and stockyard layout



Note: ST refers to Stacker, RL refers to Reclaimer, SR refers to Stacker-reclaimer.

Total capacity of the stockyard is approximately 2.3Mt. The capacity of each of the stockyard rows is summarised in Table B.3. The actual working capacity of the rows at any time will be determined by the number of stockpiles in each row and their size.

188. Row eight is a half row.

## Appendix B: Terminal Infrastructure (continued)

Table B.3: Stockyard Row Volumes

Stockyard Capacity									
Stockpile Row	Row 1	Row 2	Row 3	Row 4	Row 5	Row 6	Row 7	Row 8	Total
Capacity ('000m <sup>3</sup> )	288.8	272.5	290.4	331.7	311.0	386.0	301.2	185.2	2,366.7

The stockyard delinks inloading and outloading systems, which facilitates stacking of arriving trains without impacting vessel loading activities.

The yard configuration and operating strategy maximises outloading performance by making two reclaiming machines available to each outloading system. Under normal operating circumstances, two reclaiming machines dig from two stockpiles simultaneously to carry out outloading activity. The average build time per parcel is approximately 3.7 days and an average residence time per parcel of 1.9 days.<sup>189</sup>

Individual stockyard machine rates are summarised in Table B.4.

Table B.4: Stockyard machine rates

	Stackers				Reclaimers			Stacker-Reclaimers				
	ST1	ST2	ST3	ST4	RL1	RL2	RL3	SR2	SR3A	SR4A	SR5	SR6
Stacking rate (tph)	5,500	6,000	8,100	8,100				4,250	5,500	5,500	5,500	5,500
Reclaim rate (set-point)					5,300	5,300	4,250	3,800	5,300	5,300	4,800	4,300
Throughload rate (tph)						5,500	4,250	4,250	5,500	5,500	5,500	5,500
Age (years)	37	19	13	12	15	21	7	37	12	12	21	26

### B.5. Outloading

Reclaimed coal is loaded onto outloading conveyor systems to be transported to the shiploaders. Under typical operating conditions, reclaiming machines, the outloading conveyor system and the shiploader are rate matched to maximise individual machine utilisation.

Importantly, however, the outloading systems can be reconfigured to feed different shiploaders to manage maintenance shutdowns. This provides significant operational flexibility in managing outloading activities to maximise terminal efficiency.

The specifications for the outloading system are summarised in Table B.5.

Table B.5: Outloading asset specifications

	Outloader 1	Outloader 2	Outloader 3
Design Rate	7,200 tph	7,600 tph	8,650 tph
Age (Years)	37	22	11
Machine Manufacturer	John Holland – Christiani & Nielsen	Clough	John Holland
Shiploader Typically Serviced	Shiploader 1	Shiploader 2	Shiploader 3
Berth Typically Serviced	Berth 1	Berth 2	Berth 3 & 4

189. Average from 1 July 2019 to 30 June 2020.

## B.6. Offshore assets and infrastructure

DBT berths are positioned approximately 3.8km offshore, providing deep water access to capesize vessels with a loaded draft of up to 19.64m.<sup>190</sup>

Four berths, each capable of mooring 220,000dwt capesize vessels, are connected to the shore by the jetty that incorporates two roadways and three conveyor gantries.

The wharf supports three rail-mounted shiploaders and incorporates a series of forty two berthing and mooring dolphins against which the vessels lie (protected by a cell type fender system). Separation of the structures in this way ensures that damage to berthing dolphins (from vessel impact) does not affect the shiploader operation.

There is a ship manoeuvring apron area adjacent to the existing berths, and direct access to the channel.

From 1 July 2019 to 30 June 2020, the average capesize vessel outloading gross rate was 5,201tph.<sup>191</sup>

The three shiploaders' specifications are summarised in Table B.6.

**Table B.6: Shiploader specifications**

	Shiploader 1	Shiploader 2	Shiploader 3
Average Design Rate (tph)	7,200	7,600	8,650
Machine Manufacturer	John Holland – Christiani & Nielsen	Evans Deakin Engineering	Clough – Downer Engineering
Age (Years)	37	22	17

The Operator is responsible for maintaining the depth of berth pockets. Maintenance dredging activity was recently coordinated with whole of port dredging campaigns undertaken by NQBP.

Port services (including tidal monitoring) are provided to vessels by NQBP. Channel maintenance is also carried out by NQBP.

## B.7. Maintenance

The Operator is responsible for programmed and unscheduled maintenance at the terminal. Maintenance is undertaken with the objective of optimising terminal throughput and achieving 97% asset reliability.

Programmed maintenance is undertaken in accordance with the long term Asset Management Plan, and is designed to deliver the lowest lifecycle costs for operation, maintenance and renewal of terminal assets.

Unscheduled maintenance is managed through a dedicated 24x7 maintenance crew.

Both programmed and unscheduled maintenance costs represent pass through costs for DBI.

The Asset Management Plan forms part of the Annual Business Plan and is prepared by the Operator in consultation with DBI. Key maintenance tasks include routine preventative maintenance inspections and corrective maintenance based on the outcome of condition assessments. DBI and the Operator hold a planning workshop in November each year at which DBI provides strategic input into the asset management planning. The Asset Management Plan is then incorporated into the Annual Business Plan and submitted for DBI's approval in May each year. An overview of the development of the Annual Business Plan is provided in Figure B.3.

190. Maximum available draft at a tide height of 7.04m (2020).

191. In the period from 1 July 2019 to 30 June 2020, 47% of throughput was loaded onto Cape Vessels. Equivalent outloading gross rates for other vessel types: Japmax (4,849tph), Panamax (4,236tph) and Handy (3,459tph).



## Appendix B: Terminal Infrastructure (continued)

Figure B.3: Developing DBT's Asset Management Plan

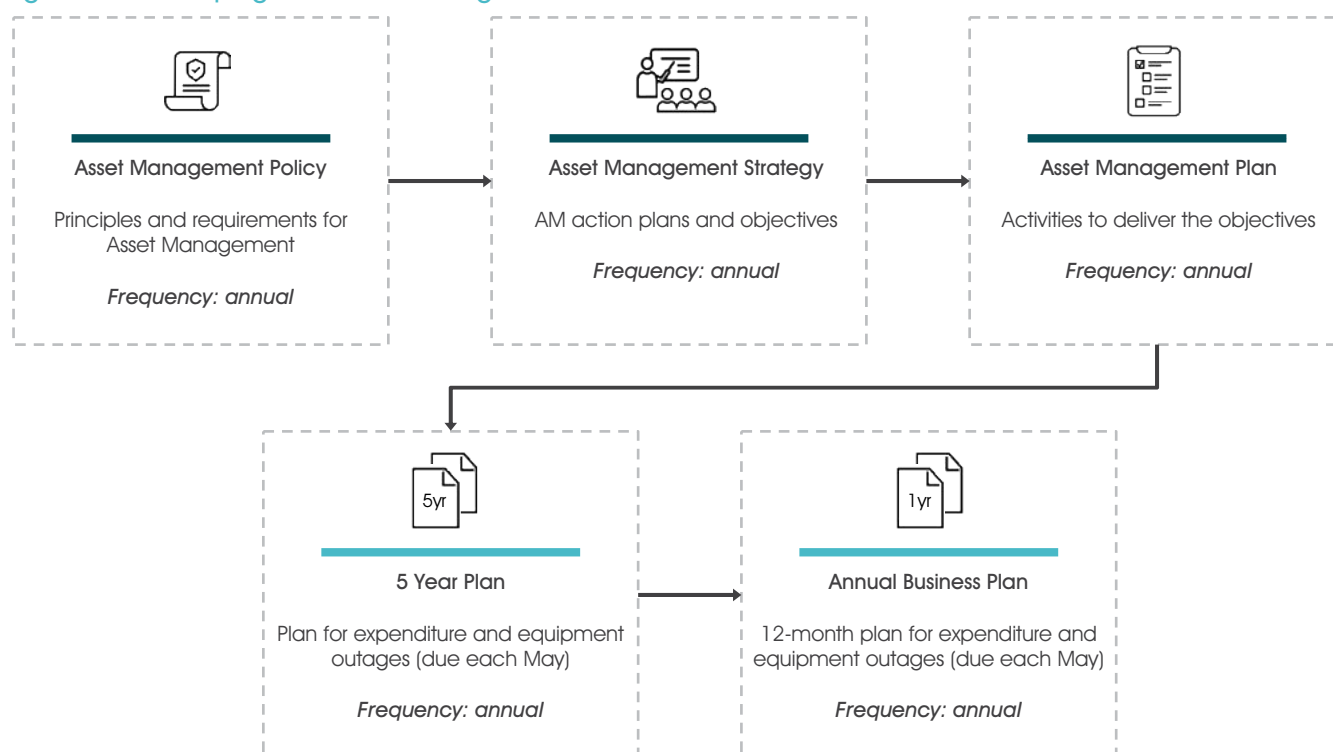


Table B.7 below summarises procedures for routine scheduled maintenance. There are also scheduled long duration shutdowns for all major equipment. Maintenance and outage times are based on equipment type – for example, shiploaders have approximately one four week shut down period each year.

Table B.7: Asset maintenance procedures

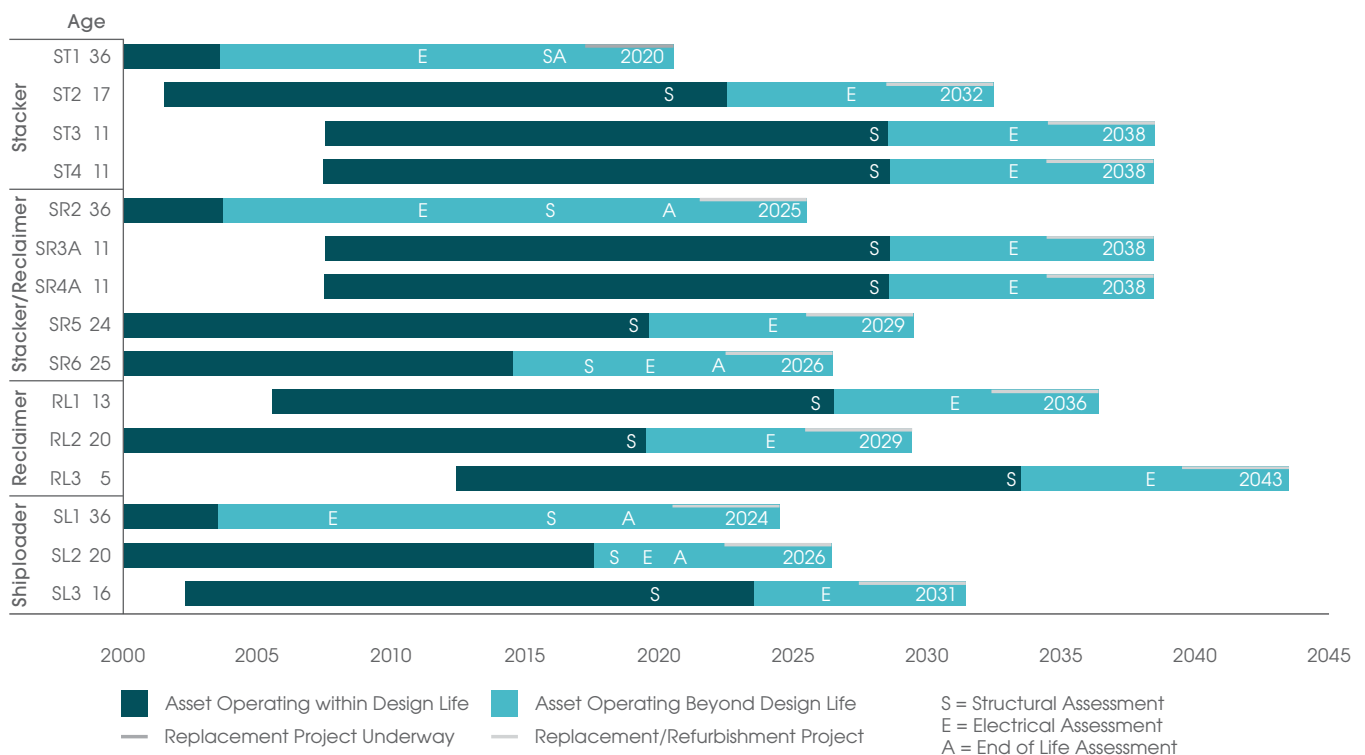
Asset	Description
Inloading Station	Programmed maintenance is coordinated with Aurizon's maintenance plans of the rail network. The current outage schedule is 18–36hr outages each month from March to December and fortnightly in January and February.
Stackers/Reclaimers	Scheduled for 18–36hr monthly outages from March to December and fortnightly outages in January and February.
Shiploaders	Alternating 24hr and 12hr shutdown every six weeks.
Marine Infrastructure	Maintenance focused on protective coating to avoid steelwork section losses. The underwater sections of piles down to the seabed floor are protected by an impressed current cathodic protection system.

## B.8. Capex and lifecycle

DBI is responsible for major capex at the terminal including asset replacement and refurbishment. Capex scoping and budgeting is undertaken by the Operator in consultation with DBI and is reflected in the DBI-approved Annual Business Plan. Five year capex plans are also developed based on whole of life models for key terminal equipment, including stackers, reclaimers, shiploaders and conveyors.

The planning process focuses on optimisation of costs, outages and replacement. Structural integrity and fatigue assessments are undertaken and where required, a programme of remediation activities is identified to ensure equipment continues to meet industry standards and contractual requirements. This approach has resulted in significant extension of yard equipment asset lives, allowing assets to operate beyond their original design lives, as shown below.

### Figure B.4: DBT asset life profile



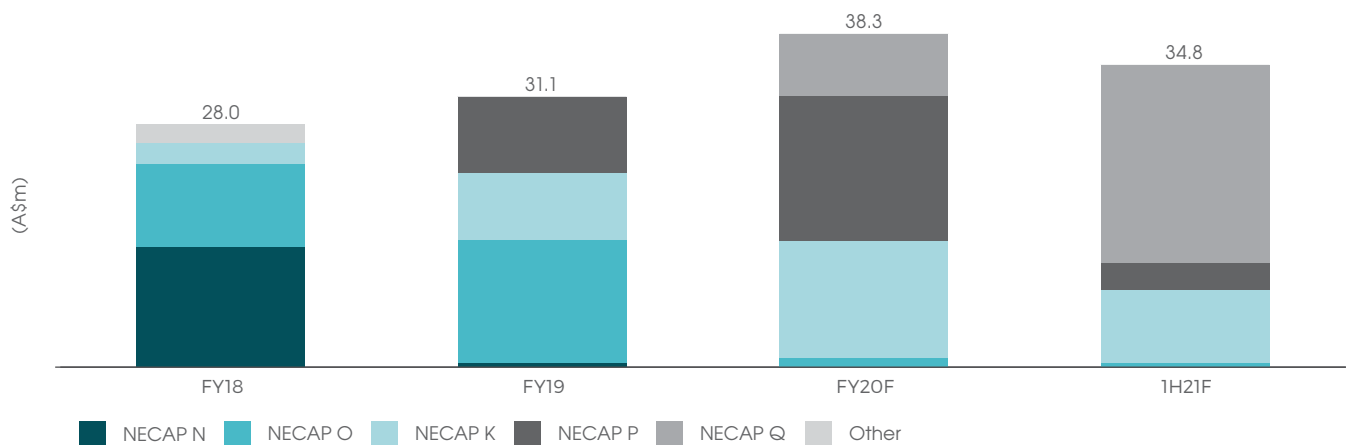
NECAP expenditure over the past two years has average approximately \$30m annually. An overview of the different NECAP projects is outlined Table B.8, with Figure B.5 showing historical and forecast expenditure on each project.

## Appendix B: Terminal Infrastructure (continued)

Table B.8: NECAP projects

NECAP Project	Description
NECAP N	<ul style="list-style-type: none"> <li>• Phase 4 of offshore pile wrapping program</li> <li>• Collision avoidance for SL3</li> <li>• Phase 1 of rail remediation initiative</li> <li>• Replacement of berth 1 access ladder</li> </ul>
NECAP O	<ul style="list-style-type: none"> <li>• Phase 5 of offshore pile wrapping program</li> <li>• Collision avoidance for SL2</li> <li>• Phase 2 of rail remediation initiative</li> <li>• Shiploader brake upgrade</li> </ul>
NECAP K (ST1 Replacement)	<ul style="list-style-type: none"> <li>• Replacement of Stacker 1</li> <li>• Standalone asset replacement project extending over 3 years</li> <li>• Approved to proceed in September 2018</li> </ul>
NECAP P	<ul style="list-style-type: none"> <li>• Phase 6 of offshore pile wrapping program</li> <li>• Phase 3 of rail remediation initiative</li> <li>• Replacement of berth 2 access ladder</li> </ul>
NECAP Q	<ul style="list-style-type: none"> <li>• Phase 7 of offshore pile wrapping program</li> <li>• Collision avoidance for SL1</li> <li>• Phase 2 of stockyard anti-collision upgrade</li> </ul>

Figure B.5: NECAP expenditure (December year end)



## B.9. Channel and dredging

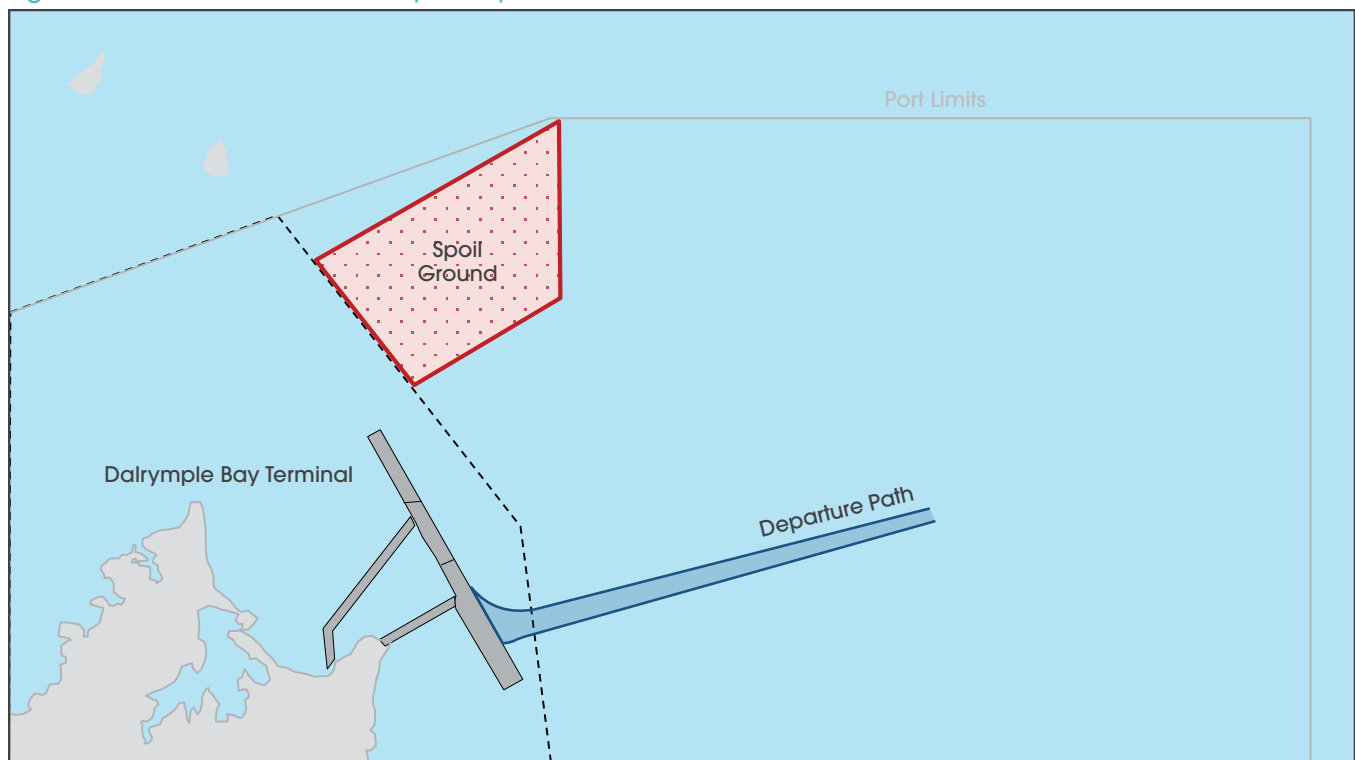
The 9.5km channel to sea has a width of 500m for the first 500m, tapering to 300m over the next 3.0km. The channel is maintained by NQBP to a depth of 14.9m, facilitating the passage of a fully loaded capesize vessel. There is a ship manoeuvring apron area approximately 500m wide, adjacent to the existing berths, which provides direct access to the channel.

To maintain channel and berth pocket depth, dredging campaigns of approximately 200,000m<sup>3</sup> are required every three to five years. Dredging of the berth pockets is the responsibility of the Operator and has recently been coordinated by NQBP as part of the whole of port dredging campaigns.

DBT experienced some depth-related tidal delays as a result of silt build up in the channel in 1HY19; however, there was no material impact on the supply chain, with approximately 5% of vessels affected.<sup>192</sup> The issue was resolved by July 2019 as part of NQBP's maintenance dredging campaign, which is undertaken periodically to ensure vessels have safe and reliable access to the port.

NQBP was granted 10 year permits by the Great Barrier Reef Marine Park Authority in January 2019 to undertake sustainable maintenance dredging at the Port of Hay Point. Maintenance dredge spoil is currently disposed of at sea in a designated spoil ground which is located within the GBRWHA.

Figure B.6: Channel location and spoil disposal site



## B.10. Water

DBT historically uses water at a rate of approximately 20–50L/t of coal throughput, with an average usage of approximately 26L/t. Based on this rate, approximately 2,210ML of water is required per annum when operating at nameplate capacity of 85Mtpa. Usage is dependent on volumes, environmental factors and seasonality.

DBT has significant water management infrastructure which is capable of storing up to 2,100ML of water. DBT utilises recovered water for the majority of its operational needs, and uses its site harvested water as a priority over external supply. The median annual rainfall received by DBT is 1,400mm per annum, with 10th percentile rainfall (dry years) of 950mm and the 90th percentile rainfall (wet years) of 2,350mm per annum. Depending on annual rainfall received, there is a variable reliance on the external water supply.

<sup>192</sup>. Year to date 30 September 2019. No depth-related tidal delays were reported from July–September 2019.

Appendix B: Terminal Infrastructure (continued)

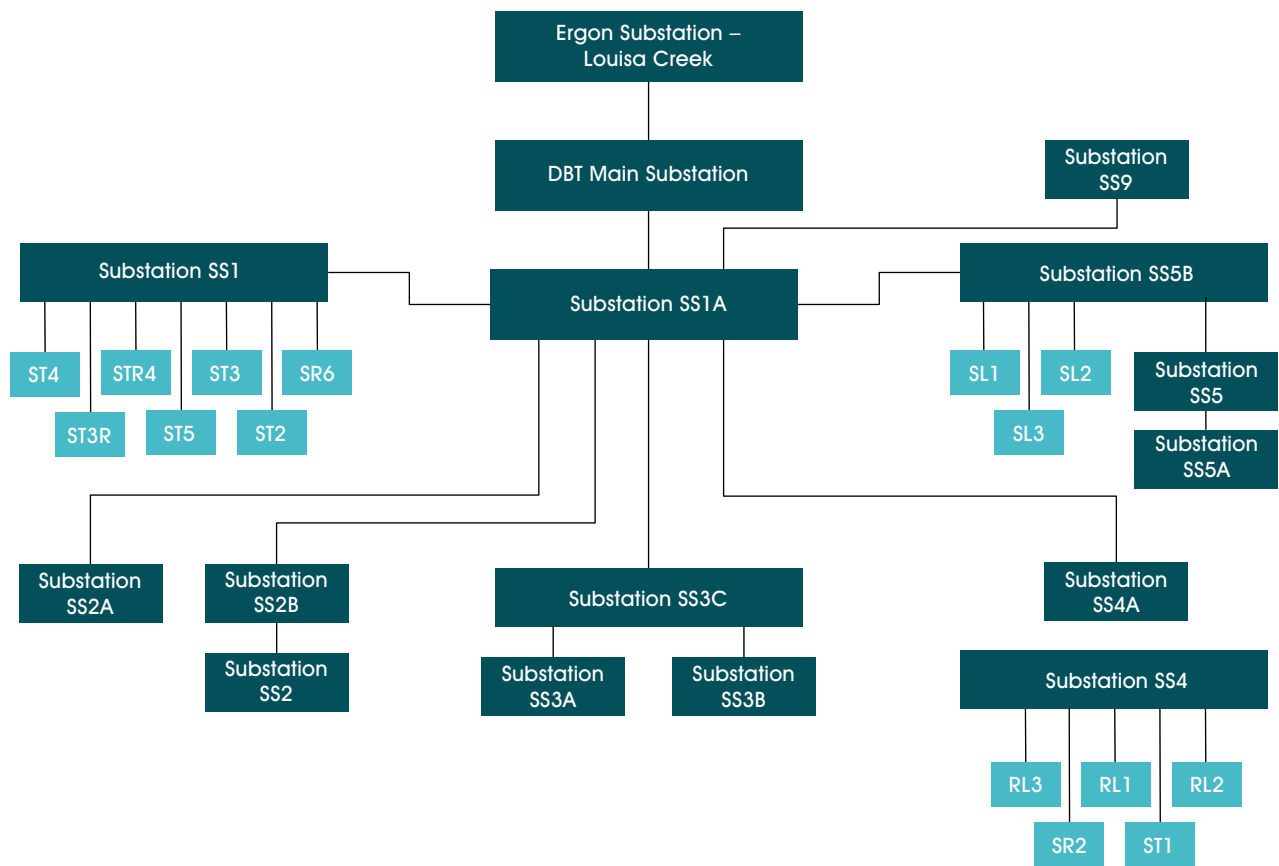
To meet its water requirements in drier than average years, DBT has a long term 500ML per annum water supply contract in place with SunWater, the Queensland government bulk water supplier. This water is supplied through the Hay Point Pipeline owned by NQBP. Additionally, DBT is able to utilise groundwater, with permits to extract 120ML per annum from the Campwyn Beds within the rail loop area of the terminal.

Since the Hay Point Pipeline was installed in 2004, DBT has been able to operate continuously using site recycled water and its current SunWater contract allocation of 500ML per annum.

B.11. Power

Power is supplied to Dalrymple Bay Terminal from the Ergon Energy 33 kV overhead power lines entering the terminal at the north east corner adjacent to Louisa Creek into the Main Substation (**MSS**). From the MSS electricity is distributed around the site by underground 11kV lines to other substations for step down to 3.3kV and 415V and connection to relevant equipment. These connections are illustrated in Figure B.7.

Figure B.7: DBT Substation Network Diagram



Much of the existing electrical equipment has been replaced within the last 10 to 15 years as part of the 7X expansion and subsequent replacements between 2015 and 2016 and so is in fair to good condition.



A large industrial crane with a complex lattice structure is lifting a massive, cylindrical object, possibly a large pipe or a component of a bridge. The crane is positioned on a construction site with various structural elements and scaffolding visible. The sky is clear and blue. The text "Appendix C: Glossary" is overlaid on the lower left portion of the image.

# Appendix C: Glossary

# Appendix C: Glossary

Term	Meaning
\$	Australian dollars unless otherwise stated.
\$(Year)	real dollars for the year presented.
1HY19	six months ended 30 June 2019.
1HY20	six months ended 30 June 2020.
1HY21F	six months ended 30 June 2021.
2017 Access Undertaking	the Access Undertaking for DBT approved by the QCA in February 2017 and expiring on 1 July 2021, as amended.
2020 USPP	the USPP described in item 10 of Section 11.7.10.1.
2021 Access Undertaking	the Access Undertaking for the period from 1 July 2021 to 30 June 2026, which is currently being considered by the QCA.
2021 Reset	the process for QCA consideration of DBT's 2019 Draft Access Undertaking and (subject to ongoing declaration) finalisation of the 2021 Access Undertaking.
60/60 Rule	an expansion rule which requires that at least 60% of the incremental terminal capacity is contracted under take-or-pay contracts for at least ten years and that 60% of all non-expanding Users and Expansion Parties do not object to the expansion.
8X Expansion	expansion program to bring terminal capacity to 97.5Mtpa.
9X Expansion	expansion program to bring terminal capacity to 135.7Mtpa.
A\$200m Syndicated Facility	the A\$200,000,000 Syndicated Revolving Facility described in item 2 of Section 11.7.10.1.
A\$350m Syndicated Facility	the A\$350,000,000 Syndicated Facility described in item 1 of Section 11.7.10.1.
A\$60m Facility	A\$60,000,000 revolving liquidity facility between various DBI group members and Australia and New Zealand Banking Group Limited (as Lender) which matures in 20 September 2022, with the option to request extensions.
A\$680m Notes	the A\$680,000,000 Credit Wrapped Notes described in item 8 of Section 11.7.10.1.
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ACCC	Australian Competition and Consumer Commission.

Term	Meaning
<b>Access Agreement</b>	contracts called access agreements between each User and DBI, governing the provision of coal handling services at DBT.
<b>Access Framework</b>	a legally binding access framework between DBI and QCA that applies to access to DBT and access tariffs.
<b>Access Queue</b>	access queue formed when available capacity is not sufficient to satisfy the capacity requirements of one or more Access Seekers.
<b>Access Seekers</b>	potential new Users of DBT.
<b>Access Undertaking</b>	sets out the terms of terminal access, the process to negotiate access and the process for resolving disputes that is approved by the QCA.
<b>Adjusted FFO or AFFO</b>	has the meaning given at Section 6.2.5.
<b>Affiliate</b>	an affiliate of, or a person affiliated with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.
<b>AME</b>	AME Mineral Economics Pty Ltd (ACN 004 013 030).
<b>Annual Business Plan</b>	annual plan prepared by the Operator and approved by DBI in May each year.
<b>Annual Contract Tonnage</b>	a right to ship a nominated amount of coal through DBT each financial year, granted to a User under an Access Agreement.
<b>Appendix</b>	an appendix to this Prospectus.
<b>Applicant</b>	a person who submits an Application.
<b>Application</b>	an application made to subscribe for Stapled Securities offered under this Prospectus.
<b>Application Form</b>	an application form attached to or accompanying this Prospectus (including any electronic form provided by an electronic application facility).
<b>Application Monies</b>	the amount of monies for the Application and accompanying an Application Form submitted by an Applicant.
<b>APT</b>	Abbot Point Terminal recently renamed to North Queensland Export Terminal ( <b>NQXT</b> ).
<b>Arbitration Guidelines</b>	the QCA's draft guidelines in relation to how it would conduct any arbitration in connection with the proposed DAU.
<b>ARR</b>	Annual revenue requirement.

## Appendix C: Glossary (continued)

Term	Meaning
<b>Asset Management Plan</b>	an asset management plan which forms part of the Annual Business Plan and is prepared by the Operator in consultation with DBI.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	Australian Securities Exchange.
<b>ASX Listing Rules</b>	the rules of ASX that govern the admission, quotation and removal of securities from the Official List.
<b>ASX Operating Rules Procedures</b>	the operating rules and procedures of the ASX, as amended, varied or waived from time to time.
<b>ASX Recommendations</b>	the fourth edition of the Corporate Governance Principles and Recommendations developed by the ASX Corporate Governance Council.
<b>ASX Settlement Operating Rules</b>	the settlement rules of the ASX as amended, varied or waived from time to time.
<b>Attached Securities</b>	has the meaning given at Section 11.3.2.3.
<b>Attached Shares</b>	has the meaning given at Section 11.3.2.2.
<b>Aurizon Network</b>	Aurizon Network Pty Ltd (ACN 132 181 116).
<b>Bank Guarantee Facility</b>	the bank guarantee facility between various DBI group members and Westpac Banking Corporation (as Lender) which matures on 31 October 2021.
<b>BCS</b>	Brookfield Capital Securities Limited.
<b>BG Facility</b>	bank guarantee facility between certain Group members and Westpac Banking Corporation (as Lender) maturing on 31 October 2021.
<b>BIP</b>	BIP Bermuda Holdings IV Limited.
<b>BMA</b>	BHP Mitsubishi Alliance.
<b>BMC</b>	BHP Mitsui Coal.
<b>Board</b>	the board of directors of DBI.
<b>BPIRE</b>	BPIRE Pty Limited (ACN 099 717 638).
<b>BPIRE Trustee</b>	BPIRE as trustee for the BPI Trust.

Term	Meaning
<b>Broker Firm Offer</b>	The offer of Stapled Securities under this Prospectus to Australian and New Zealand resident retail clients of participating Brokers who have received an invitation from their Broker to participate in the Broker Firm Offer, provided that such clients are not in the United States, as described in Section 9.3.
<b>Brokers</b>	any ASX and NZX participating organisation selected to act as a broker to the Offer (including, in case of the Broker Firm Offer to New Zealand resident retail clients, a New Zealand affiliate of ASX participating organisations).
<b>Brookfield</b>	Brookfield Infrastructure Partners L.P.
<b>Brookfield Entity</b>	each of Brookfield Infrastructure Partners L.P. and Brookfield Asset Management Inc.
<b>Brookfield Infrastructure</b>	Brookfield Infrastructure Group (Australia) Pty Ltd.
<b>CAGR</b>	Compound Annual Growth Rate.
<b>Call Options</b>	conditional call options to be entered into between DBI and Existing Securityholders.
<b>Capital base</b>	estimate of the asset base upon which negotiations will occur under the 2021 regulatory reset.
<b>CAPM</b>	Capital Asset Pricing Model.
<b>CEO</b>	Chief Executive Officer.
<b>CFO</b>	Chief Financial Officer.
<b>CGAC</b>	China's General Administration of Customs.
<b>CGT</b>	capital gains tax.
<b>Chair</b>	chairperson of the Board.
<b>CHESS</b>	Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act, ASX Listing Rules and the ASX Settlement Operating Rules.
<b>Co-Lead Managers</b>	each of Bell Potter Securities Limited, Morgans Financial Limited and Ord Minnett Limited.
<b>Co-Managers</b>	each of Crestone Wealth Management Limited and Wilsons Corporate Finance Limited.
<b>Completion</b>	the date on which Stapled Securities are issued to the Successful Applicants under the Offer.
<b>Consenting Party</b>	each of the parties listed in Section 11.12.



## Appendix C: Glossary (continued)

Term	Meaning
Constitution	the constitution of DBI.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth).
COVID-19	2019 novel coronavirus.
CQCN	Central Queensland Coal Network.
DAAU	Draft Amending Access Undertaking.
Dalrymple Bay Finance	Dalrymple Bay Finance Pty Limited.
DAU	Draft Access Undertaking.
DBCT Holdings or State Lessor	DBCT Holdings Pty Ltd; an entity that is wholly owned by the Queensland Government.
DBI or the Company	Dalrymple Bay Infrastructure Limited (ACN 643 302 032) and, where appropriate, includes members of the Group.
DBI Notes	non-interest bearing loan notes issued by DBI under the Note Trust Deed.
DBIH	Dalrymple Bay Infrastructure Holdings Pty Ltd (ACN 150 159 630).
DBIM	Dalrymple Bay Infrastructure Management Pty Ltd (ACN 097 698 916), the manager of DBT.
DBT	Dalrymple Bay Terminal.
DBT Entities	<p>entities that will be wholly-owned or controlled by DBI after completion of the Restructure, including:</p> <ul style="list-style-type: none"> <li>• DBT Investor Services;</li> <li>• Dalrymple Bay Infrastructure Holdings Pty Ltd;</li> <li>• DBIM;</li> <li>• DBT Finance;</li> <li>• BPIRE;</li> <li>• BPI Trust;</li> <li>• DBT Trust;</li> <li>• Brookfield Infrastructure Australia Trust;</li> <li>• Brookfield DP Trust; and</li> <li>• DPPM.</li> </ul>

Term	Meaning
DBT Finance	Dalrymple Bay Finance Pty Ltd (ACN 097 955 934).
DBT Leases	package of leases between the Queensland Government, acting through DBCT Holdings as Lessor, and DBT Trust, which grants DBI tenure over DBT land and over certain plant and equipment located at DBT.
DBT Investor Services	Dalrymple Bay Investor Services Pty Ltd (ACN 052 156 082).
DBT Tripartite Deed	deed entered into by DBIM, DBT Trustee, the security trustee, DBCT Holdings, the State of Queensland and NQBP.
DBT Trustee	DBT Investor Services as trustee of the DBT Trust.
DCF	distributable cash flow.
DCP	Deed of Common Provisions.
Declaration Review	the formal review of DBT's declaration as a "declared service" under the QCA Act, undertaken by the QCA over 2018 – 2020.
Directors	directors of DBI.
DORC	Depreciated Optimised Replacement Cost.
DOCP	Deed of Common Provisions.
DPPM	Dudgeon Point Project Management Pty Ltd (ACN 150 261 733).
Draft Decision	the QCA's draft decision, released on 26 August 2020, in response to the DAU.
DSRA	Debt Service Reserve Account.
EBIT	earnings before interest and tax.
EBITDA	earnings before interest, tax, depreciation and amortisation; has the meaning given in Section 6.2.5.
EBITDA margin	has the meaning given at Section 6.2.5.
ECL	expected credit losses.
EIP	executive incentive plan.
EIS	Environmental Impact Statement.

## Appendix C: Glossary (continued)

Term	Meaning
Eligible Employees	employees the Group as at the Prospectus Date who have been employed by the Group for at least 12 months (provided that they have not given or been given notice to terminate their employment at the Prospectus Date).
EMP	Environmental Management Plan.
Employee Offer	has the meaning given in Section 9.5.
EPBC ACT	<i>Environment Protection and Biodiversity Conservation Act 1999</i> (Cth).
Escrow Deed	voluntary escrow deed entered into by BIP.
Escrow Period	has the meaning given in Section 11.7.2.
ESG	environmental, social and governance.
Existing Securityholders	means each of: <ul style="list-style-type: none"> <li>• BIP;</li> <li>• Brookfield Infrastructure Australia Holdings Trust;</li> <li>• Nova Scotia Health Employees' Pension Plan (previously known as Nova Scotia Association of Health Organisation Trust);</li> <li>• bcIMC SIIF 101 2006 Investment Corporation;</li> <li>• bcIMC WCBAF SIIF 101 2006 Investment Corporation;</li> <li>• Prime TC Holdings Pty Limited; and</li> <li>• Brookfield Holdings (Australia) Services Pty Ltd.</li> </ul>
Expansion Parties	has the meaning given to it in the Access Undertaking.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exposure Period	the seven day period after lodgement of the Prospectus (as extended, if applicable).
FAA	<i>Financial Accountability Act 2009</i> (QLD).
Face Value	has the meaning given at Section 11.3.2.2.
FATA	<i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth).
FCF	free cash flow; has the meaning given at Section 6.2.5.
FEL1	Front-End Loading Level 1.
FEL2	Front-End Loading Level 2.

Term	Meaning
FEL3	Front-End Loading Level 3.
FFO	funds from operations.
Financial Guarantors	certain providers of financial guarantee insurance.
Financial Information	the financial information relating to DBI as set out in Section 6.2.
Forecast Financial Information	together, the: <ul style="list-style-type: none"> <li>• Statutory Forecast Financial Information; and</li> <li>• Pro Forma Forecast Financial Information.</li> </ul>
FVOCI	fair value through other comprehensive income.
FVTPL	fair value through profit and loss.
FY18	year ended 31 December 2018.
FY19	year ended 31 December 2019.
FY20	year ended 31 December 2020.
G&A	general & administrative expenses.
GBRWHA	Great Barrier Reef World Heritage Area.
GDP	gross domestic product.
GST	goods and services tax.
Group	DBI and the entities which will be DBI's wholly owned or controlled entities following the Restructure.
Hay Point Project	the construction of two new coal export terminals (and associated infrastructure) within the area of the Port of Hay Point known as Dudgeon Point.
HSMP	Health and Safety Management Plan.
Historical Financial Information	together, the: <ul style="list-style-type: none"> <li>• Statutory Historical Financial Information; and</li> <li>• Pro Forma Historical Information.</li> </ul>
HPCT	Hay Point Coal Terminal.

## Appendix C: Glossary (continued)

Term	Meaning
HPFA	Framework Agreement for the Hay Point Master Planning and Development.
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
ILC	Integrated Logistics Company Pty Ltd (ACN 146 904 976).
Indemnified Parties	DBI and two entities in the Brookfield group, BPIH Pty Limited and BIP.
Indicative Enterprise Value	means \$3,074m.
Institutional Investors	<p>investors who are persons:</p> <ul style="list-style-type: none"> <li>• in Australia who are either “professional investors” or “sophisticated investors” under sections 708(11) and 708(8) of the Corporations Act;</li> <li>• in New Zealand who are a wholesale investor within the meaning of clause 3(2) of schedule 1 of the <i>Financial Markets Conduct Act 2013</i> of New Zealand; and</li> <li>• in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers, to whom offers of Stapled Securities may lawfully be made without the need for any lodged or registered disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply).</li> </ul>
Institutional Offer	the invitation made to Institutional Investors in Australia and New Zealand and certain other jurisdictions around the world made under this Prospectus or the Institutional Offering Memorandum (as applicable) as described in Section 9.8.
Institutional Offering Memorandum	the offering memorandum under which the Institutional Offer was made in certain international jurisdictions, which consists of this Prospectus and certain additional information for investors in those jurisdictions.
Investigating Accountant	Deloitte Corporate Finance Pty Limited.
Investigating Accountants Report	the Investigating Accountant’s Report and financial services guide prepared by the Investigating Accountant and set out in Section 10.
IPO	initial public offering (and, in connection with the change of control provisions in relation to DBI’s finance arrangements, means an initial public offering of any interest (including shares or units) in DBIM or the DBT Trust or any holding entity of DBIM or the DBT Trust).
JV	Joint Venture.
Joint Lead Managers	each of Merrill Lynch Equities (Australia) Limited, Citigroup Global Markets Australia Pty Ltd and Credit Suisse (Australia) Limited.



Term	Meaning
KMP	key management personnel.
Listing	admission of DBI to the official list of ASX, and commencement of conditional and deferred settlement trading, which is expected to occur on 8 December 2020.
Loan Agreement	means the loan agreement to be entered into between DBI and BIP as set out in Section 11.6.
LTI	long term incentives.
Master Plan	DBIM has an obligation to maintain a Master Plan that has been approved by DBCT Holdings; plan outlining the future development pathway.
Maturity Date	has the meaning given at Section 11.3.2.2.
MSR	minimum Securityholding requirement.
MSS	main substation.
Mutual Recognition Regime	the mutual recognition regime established under subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 of New Zealand and Part 9 of the Financial Markets Conduct Regulations 2014 of New Zealand.
Nameplate Capacity	the terminal capacity determined by an independent expert as 85Mtpa during the development of 7X Expansion.
NECAP	non-expansion capital expenditure; has the meaning given at Section 6.2.5.
Net cash flow before distributions	has the meaning given at Section 6.2.5.
Net Working Capital	has the meaning given at Section 6.2.5.
New Indemnity	deed of indemnity between DBI and the Indemnified Parties dated on or about the Prospectus Date.
new Securityholders or new investors	includes Existing Securityholders other than BIP if they elect to invest in the Institutional Offer.
Note Trust Deed	Note Trust Deed between DBI and Equity Trustees Limited (as the Note Trustee) on or about the date of this Prospectus.
Noteholders	holders of DBI Notes.
Notes	non-interest bearing loan notes issued by DBI under the Note Trust Deed.
NPAT	Net Profit After Tax.

## Appendix C: Glossary (continued)

Term	Meaning
NQBP	North Queensland Bulk Ports Corporation Limited (ACN 136 880 218)
NR	not rated.
NZX	NZX Limited.
NTA	<i>Native Title Act 1993</i> (Cth).
O&M	operations and maintenance.
Offer	the offer of Stapled Securities under this Prospectus.
Offer Documents	the documents issued or published by or on behalf of DBI in respect of the Offer.
Offer Information Line	toll free within Australia (1800 881 047). Outside Australia (+61 1800 881 047).
Offer Price	the Offer Price for the Offer of \$2.57 per Stapled Security.
OH&S	occupational health & safety.
OMC	Operations and Maintenance Contract.
Operator	Dalrymple Bay Coal Terminal Pty Ltd (ACN 010 268 167).
Operator's FY2020/21 Budget	the Operator's Annual Operation, Maintenance and Capital Plan and Budget for FY2020/21.
Ordinary Resolution	has the meaning given at Section 11.3.2.5.
Original Deed of Indemnity	deed of indemnity the Relevant Brookfield Entities together with Dalrymple Bay Infrastructure Holdings Pty Ltd entered into on 20 September 2018.
PBT	profit before tax.
Priority Offer	has the meaning given in Section 9.4.
Pro Forma Forecast Cash Flows	the pro forma forecast consolidated statements of cash flows for DBI for FY20F and 1HY21F.
Pro Forma Forecast Financial Information	together, the: <ul style="list-style-type: none"> <li>• Pro Forma Forecast Results; and</li> <li>• Pro Forma Forecast Cash Flows.</li> </ul>

Term	Meaning
Pro Forma Forecast Results	the pro forma forecast consolidated statements of profit or loss for DBI for FY20F and 1HY21F.
Pro Forma Historical Balance Sheet	the pro forma historical consolidated statements of financial position of DBI as at 30 June 2020.
Pro Forma Historical Cash Flows	the pro forma historical consolidated statements of cash flows for DBI for FY18, FY19, 1HY19 and 1HY20.
Pro Forma Historical Financial Information	<p>together, the:</p> <ul style="list-style-type: none"> <li>• Pro Forma Historical Results;</li> <li>• Pro Forma Historical Cash Flows; and</li> <li>• Pro Forma Historical Balance Sheet.</li> </ul>
Pro Forma Historical Results	the pro forma historical consolidated statements of profit or loss for DBI for FY18, FY19, 1HY19 and 1HY20.
Prospectus	this document (including the electronic form of this document) and any supplementary or replacement prospectus in relation to this document.
Prospectus Date	the date on which a copy of this Prospectus was lodged with ASIC, being 20 November 2020.
PSA	Port Services Agreement.
QCA	Queensland Competition Authority.
QCA Act	<i>Queensland Competition Authority Act 1997 (Qld)</i> .
QCA Levy	pass-through of the fee charged by the QCA for administering the regulatory regime.
QIC	QIC Investments No.3 Pty Ltd as trustee for the SAIF (ABN 60 617 694 986).
QTC	Queensland Treasury Corporation.
RAB	Regulated Asset Base as defined in Section 3.2.
Registry	Link Market Services Limited ACN 083 214 537.
Relationship Agreement	relationship agreement DBI and BIP entered into on or about the Prospectus Date.
Relevant Brookfield Entities	BPIH Pty Limited and BIP.

## Appendix C: Glossary (continued)

Term	Meaning
<b>Restricted Stapled Securities</b>	Stapled Securities BIP will hold in DBI on Completion of the Offer.
<b>Restructure</b>	the corporate restructure undertaken in connection with the Offer, as described in Section 11.6.
<b>Retail Offer</b>	means the Broker Firm Offer, Employee Offer and Priority Offer.
<b>Retail Offer Period</b>	30 November 2020 to 4 December 2020.
<b>RG Tanna</b>	RG Tanna Coal Terminal.
<b>SAA</b>	Standard Access Agreement, which provides a template for the Access Agreements negotiated with each User.
<b>SAIF</b>	Strategic Assets Investment Fund, a sub-fund of the Backing Queensland Business Investment Fund, advised by QIC.
<b>SCDA</b>	systems control and data acquisition.
<b>SEA</b>	South East Asia.
<b>Security of Critical Infrastructure Act</b>	<i>Security of Critical Infrastructure Act 2018 (Cth)</i> .
<b>Securityholder</b>	a holder of the Stapled Securities.
<b>Share</b>	a fully paid ordinary share in DBI.
<b>Services</b>	the services to be provided under the OMC by the Operator, which is: <ul style="list-style-type: none"> <li>• responsible for the day-to-day operation and maintenance of DBT; and</li> <li>• required to provide DBI with reports and adequate information, to allow the group to monitor the operation and maintenance and plan potential future operation, maintenance and development of DBT.</li> </ul>
<b>Settlement</b>	settlement of the Offer occurring and Stapled Securities being issued under the Underwriting Agreement.
<b>Stapled Security</b>	a Share in DBI and a DBI Note, stapled together so that they cannot be traded separately.
<b>Stapling Provisions</b>	has the meaning given at Section 11.3.2.1.
<b>Statutory Forecast Cash Flow</b>	the statutory forecast consolidated statements of cash flows for DBI for FY20F and 1HY21F.

Term	Meaning
<b>Statutory Forecast Financial Information</b>	together, the: <ul style="list-style-type: none"> <li>• Statutory Forecast Results; and</li> <li>• Statutory Forecast Cash Flows.</li> </ul>
<b>Statutory Forecast Results</b>	the statutory forecast consolidated statements of profit or loss for DBI for FY20F and 1HY21F.
<b>Statutory Historical Balance Sheet</b>	the statutory historical consolidated statements of financial position of DBI as at 30 June 2020.
<b>Statutory Historical Cash Flows</b>	the statutory historical consolidated statements of cash flows for DBI for FY18, FY19, 1HY19 and 1HY20.
<b>Statutory Historical Financial Information</b>	together, the: <ul style="list-style-type: none"> <li>• Statutory Historical Results;</li> <li>• Statutory Historical Cash Flows; and</li> <li>• Statutory Historical Balance Sheet.</li> </ul>
<b>Statutory Historical Results</b>	the statutory historical consolidated statements of profit or loss for DBI for FY18, FY19, 1HY19 and 1HY20.
<b>STI</b>	short term incentive.
<b>SUA</b>	the standard QCA approved underwriting agreement Access Seekers have entered into with DBI.
<b>Successful Applicant</b>	a person who submits an application to subscribe for Stapled Securities offered under this Prospectus, which is successful.
<b>Sustainability Strategy</b>	a joint commitment of DBIM as Lessor of DBT and the Operator.
<b>System Capacity</b>	the capacity of the Goonyella coal chain as determined by ILC, being 84.2Mtpa. The terminal can contract capacity up to the System Capacity.
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosures.
<b>TCG</b>	tax consolidated group.
<b>Terms</b>	the terms and conditions of issue of the DBI Notes.
<b>TIC</b>	Terminal Infrastructure Charge, being a single tariff that is paid by all Users.
<b>TFR</b>	total fixed remuneration.



## Appendix C: Glossary (continued)

Term	Meaning
TMT	Throughput Maximisation Team.
Transaction Costs	Offer costs and other transaction costs. Costs in relation to the Offer include the Joint Lead Managers' and cornerstone fees, legal and accounting due diligence fees, tax and structuring advice and associated consultancy services in relation to the Offer. Other transaction costs reflects a stamp duty claw back amount which will arise for a DBT Entity on IPO when association with the Brookfield group ceases.
Transaction Party or Transaction Parties	DBT Finance (as Borrower), DBIM (as Corporate Guarantor) and DBT Trustee (as Trust Guarantor).
Transitional Services Agreement	a transitional services agreement to which DBI and Brookfield Infrastructure will be parties from Completion.
TSR	total Securityholder return.
UN Sustainability Goals	the 17 sustainable development goals, included in the 2030 Agenda for Sustainable Development, adopted by the United National General Assembly in September 2015.
Underwriting Agreement	the underwriting agreement DBI, DBIH (as guarantor) and the Joint Lead Managers entered into on or about the Prospectus Date.
US\$	United States Dollars.
US Person	as defined in Regulation S under the US Securities Act.
US Securities Act	<i>United States Securities Act of 1933</i> , as amended.
Users	access holders, being customers of DBI who access DBT under the terms of the Access Agreements.
USPP	US Private Placement.
WACC	Weighted Average Cost of Capital.
Water Act	<i>Water Act 2000 (Qld)</i> .
WICET	Wiggins Island Coal Export Terminal.

## Glossary of technical terms and abbreviations

Term	Meaning
bn	billion.
bps	basis points.
BOF	basic oxygen furnace method of producing crude steel.
Coking coal	coal which is suitable for making metallurgical coke, which is used in the steel making process.
CSR	coke strength after reaction, being a measurement of the size and strength (or hardness) of coke.
dwt	deadweight tonnage.
EAF	Electric Arc Furnace.
FOB	free on board.
Fluidity	coal property, also known as Gieseler Maximum Fluidity, which measures the coal's plasticity/fluidity during carbonisation, where coal changes from a solid material to a plastic state and then to a fused porous solid (coke) during cooling.
HCC	hard coking coal.
JORC	Australasian Joint Ore Reserves Committee, which is sponsored by the Australian mining industry and its professional organisations.
km	kilometre.
Longwall	an underground mining technique.
LVPCI	low volatile pulverised coal injection.
Metallurgical coal or met coal	a term comprising coking coal and PCI coal, which are used in the steelmaking process.
Mt	million tonnes.
Mtpa	million tonnes per annum.
PCI	pulverised coal injection, being a term used to describe coals injected directly into steel and iron making blast furnaces.

## Appendix C: Glossary (continued)

Term	Meaning
<b>Reserves</b>	has the meaning given to 'Mineral Reserves' or 'Coal Reserves' in the JORC Code. Reserves are the economically mineable part of a Measured and/or Indicated Resource base.
<b>Resources</b>	has the meaning given to 'Mineral Resources' or 'Coal Resources' in the JORC Code. Resources are a concentration of solid material in or on the Earth's crust in such a form, grade and quantity that there are reasonable prospects for eventual economic extraction.
<b>ROM</b>	run of mine coal.
<b>Saleable production</b>	produced metallurgical and thermal coal ready for sale.
<b>Semi Hard Coking Coal or SHCC</b>	coal displaying plastic properties similar to hard coking coals, but lacking the strength expected from a hard coking coal.
<b>Semi-Soft Coking Coal or SSCC</b>	coal which is unsuitable for making strong coke in its own right but suitable as a component in coke oven blends.
<b>Thermal coal</b>	coal which is combusted to provide heat for steam generation and subsequent power generation, or burned for heat generation alone.
<b>tonne</b>	metric tonne.
<b>tph</b>	tonnes per hour.

# Appendix D: Corporate Directory

## Company's Registered Office

### **Dalrymple Bay Infrastructure Limited**

Level 22,  
135 King Street  
Sydney NSW 2000

## Joint Lead Managers

### **Citigroup Global Markets Australia Pty Limited**

Level 23, Citigroup Centre  
2 Park Street  
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### **Credit Suisse (Australia) Limited**

Level 31, Gateway Building  
1 Macquarie Place  
Sydney NSW 2000

### **Merrill Lynch Equities (Australia) Limited**

Level 34, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## Co-Lead Managers

### **Bell Potter Securities Limited**

Level 38, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

### **Morgans Financial Limited**

Level 29  
123 Eagle Street  
Brisbane QLD 4000

### **Ord Minnett Limited**

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255 George Street  
Sydney NSW 2000

## Co-Managers

### **Crestone Wealth Management Limited**

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### **Wilsons Corporate Finance Limited**

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## Australian Legal Advisor

### **Herbert Smith Freehills**

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Sydney NSW 2000

## US Legal Advisor

### **Herbert Smith Freehills LLP**

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Singapore 048623

## Australian Taxation Advisor

### **PwC**

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## Investigating Accountant

### **Deloitte Corporate Finance Pty Limited**

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225 George Street  
Sydney NSW 2000

## Auditor

### **Deloitte Touche Tohmatsu**

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## Share Registry

### **Link Market Services Limited**

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## Offer Information Line

### **Toll free within Australia**

1800 881 047

### **Outside Australia**

+61 1800 881 047

## Offer Website

[www.dbinfrastructure.com.au/offer/](http://www.dbinfrastructure.com.au/offer/)





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