Dalrymple Bay Infrastructure

Annual Report

2020

FY20 Highlights[1]

99 year
lease term to 2100 [2]

136Mtpa
potential capacity after full expansion pathway implemented [3]

82%
of exports are met coal [4]

27%
of Australian met coal exports

$23M
Revenue FY20

($118M)
EBITDA loss FY20

85Mtpa
nameplate capacity

15%
of global met coal exports

(1) Figures displayed as at 31 December 2020 (except as otherwise stated).

(2) The lease is structured with a 50 year initial lease period (commencing 2001) and a 49 year extension option (at the option of Dalrymple Bay Infrastructure Management Pty Ltd (DBIM)). The option to extend the lease may be exercised at any time between September 2045 and September 2047.

(3) Potential expansion pathway involves two expansion projects. Refer to page 10 for further information.

(4) Product mix based on last twelve months (LTM) from January 2020 to December 2020.

Contents

About Us

Dalrymple Bay Infrastructure (DBI) through its foundation asset, the Dalrymple Bay Terminal (DBT), aims to provide safe and efficient port infrastructure and services for producers and consumers of high quality Australian coal exports.

DBT, as the world's largest metallurgical coal export facility, serves as a global gateway from the Bowen Basin and is a critical link in the global steelmaking supply chain.

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.

Chairman's Letter

Dear Securityholders,

In what has been a watershed year with Dalrymple Bay Infrastructure (DBI) joining the ASX in December 2020, I am pleased to report the company delivered a strong performance for the period to 31 December 2020 (FY20).

FY20 demonstrated the utility-like nature of DBI as an investment and reinforced the critical nature of the Dalrymple Bay Terminal (DBT) to the Queensland economy. DBT plays an essential role in supporting the global steel making supply chain through exports to 23 countries.

DBT is uniquely positioned in the Bowen Basin as the world's largest metallurgical coal export terminal. Through its 99-year lease over DBT, long term take-or-pay contracts for 100% of terminal capacity through to 2028 and an attractive commercial framework, DBI is expected to deliver stable and growing export volume, cash flows and distributions over the long term.

ESG, Sustainability and Safety

In parallel with DBI's focus on delivering returns to securityholders, the company continues to ensure that Environment, Social and Governance (ESG) principles are embedded within the business, in planning and decision-making and the operation of the terminal.

DBI's Sustainability Strategy, developed jointly with the terminal Operator, is robust and comprehensive and aligned with the United Nations Sustainable Development principles. It emphasises long term planning across four key themes – people, environment, business performance, and community and partnerships. DBI's sustainability strategy was issued in 2020 with significant effort now being directed towards the development of focused strategic actions and a public reporting framework. DBI is working towards having its first sustainability report available for public review in the second half of this year.

Lost time injury rate reduced to nearly

60%

lower than four years ago

The safety of our employees and contractors is a top priority for the Operator and ourselves. To this end, DBI reduced its lost time injury frequency rate to 1.2 for 2020 – nearly 60% lower than four years ago.

Expansion Opportunities

DBI maintains significant expansion optionality to accommodate the expected growth in metallurgical coal exports from the Bowen Basin, and to drive a material increase in the asset base. The company has clear line of sight to 99.1Mtpa capacity through the 8X expansion, with a potential further opportunity to reach 136Mtpa over time, subject to the needs of the market.

Distribution and Share buy-back

The Board has approved a transition to quarterly distributions, with 1QFY21 and 2QFY21 distributions of 4.5 cents per security respectively expected to be declared, in line with 1H-21 prospectus guidance of 9.0 cents per security[1]. The distribution policy is to payout between 60% and 80% of funds from operations while targeting 1-2% per annum dividend per share growth subject to the assumptions set out in Section 6.11 of our prospectus.

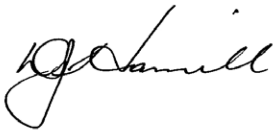
DBI offers an attractive yield and distributions are expected to increase over time, reflecting the stability of DBI's cashflow and prospects for organic growth through both sustaining and expansionary capital projects.

Subsequent to listing in early December 2020, DBI has been trading at levels which both the Board and management believe understates the intrinsic value of the business. At the time of releasing DBI's results for FY20 the Board announced the potential for a share buyback of up to 10% of its issued capital over the coming 12 months. DBI retains sufficient liquidity to enter the market to acquire its own securities should an opportunity arise.

The Board acknowledges the outstanding contribution from staff and management to both the IPO process and the delivery of FY20 performance. Our staff are central to maintaining the company's longstanding relationships with internal and external stakeholders and strong alignment through the supply chain.

On behalf of the Board, I would like to thank our investors for their support through the IPO. Your company is well positioned for success as a key infrastructure company in Australia and we look forward to delivering sustainable returns in 2021 and beyond.

Yours sincerely



Hon. Dr David Hamill AM
Chairman, Dalrymple Bay Infrastructure

(1) The distribution of 9 cents per security, is the per security equivalent of the 1HFY21 prospectus distribution guidance of $45 million.

Chief Executive Officer's Letter

Dear Securityholders,

I am proud to announce that DBI remains the world's largest exporter of high-quality metallurgical coal. As a critical component of the global steel making supply chain, we continue to be a major contributor to the Australian economy while remaining committed to delivering on our social and environmental targets.

This would not be possible without our people and I would like to take this opportunity to echo the Chairman's acknowledgement of their outstanding contributions this year. Without them, our strong results and commitment to providing safe and efficient port infrastructure and services to our loyal customers would not be possible.

Financial

DBI's forecasts for 1HFY21 remain as per prospectus with our distribution for the period expected to be 9.0 cents per security, noting the move to a quarterly declaration and payment.

Regulation

As outlined in the prospectus, DBI has submitted a proposal to the Queensland Competition Authority (QCA) to move to a light-handed regulatory model. At the time of writing, we are awaiting a Final Decision from the QCA. The move to a light-handed regulation model will pave the way for DBI to negotiate commercial price-setting arrangements with customers and provides the company with the ability to seek infrastructure charges that better reflect the value customers place on accessing DBT's services.

Outlook

With the terminal's current 85Mtpa capacity fully contracted on a long term take-or-pay basis, through its strategic proximity to the Bowen Basin and scope for growth through expansion, DBI is well placed to capitalise on the anticipated increase in met coal demand over the long term.

At a macro level, continued growth in global steel production underpins Australian Mineral Economics' (AME) forecasts for global export metallurgical coal demand to grow at 4.4% CAGR over the next 5 years. Australia is expected to maintain its majority market share as further investment is made in Queensland metallurgical coal projects, the majority of which is expected to occur in the central Bowen Basin.

I look forward to our first full year as a public company in FY21. With ambitious goals and a committed team, we are well placed to provide value to our securityholders through consistent delivery of stable and growing cash flow.

Yours sincerely

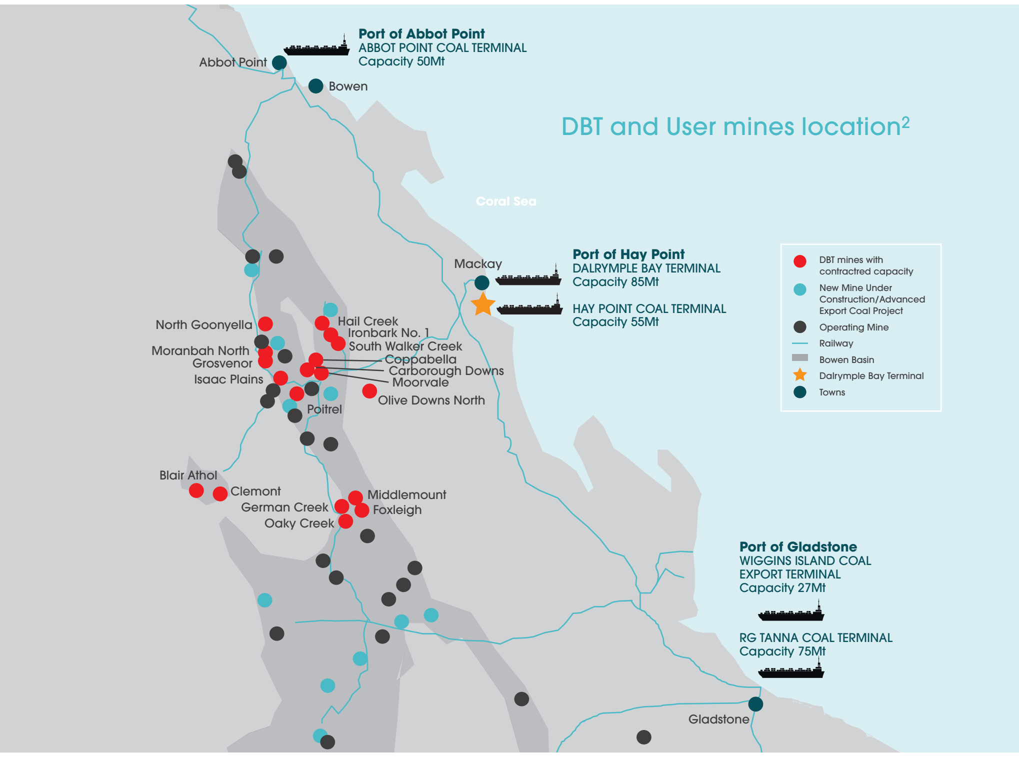
Anthony Timbrell
Chief Executive Officer
and Executive Director

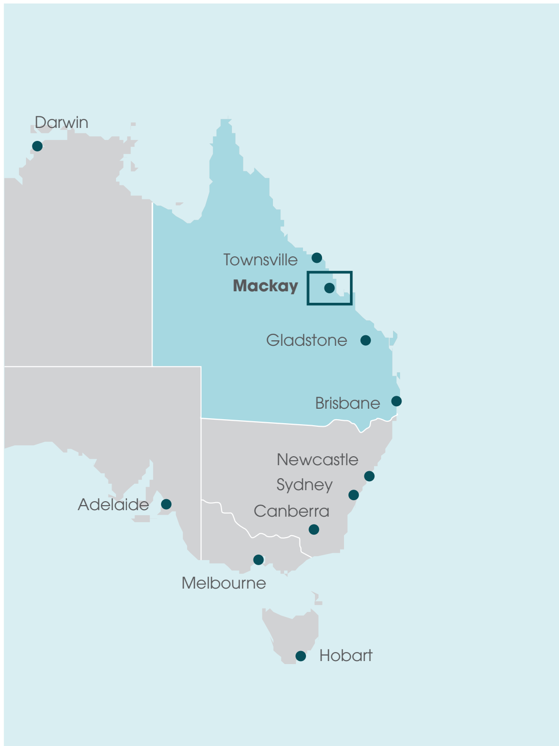
Investment Drivers

1. Critical link in the global steel supply chain that has been resilient to external events
2. Transparent and well established commercial framework with potential for upside through proposed transition to lighter-handed framework
3. Stable cash flows with high margins and scope for growth
4. Longstanding relationships with Users and strong alignment through the value chain
5. Anticipated increase in demand, with strategic location to capture long-term growing Bowen Basin met coal production
6. An expansion of the terminal can accommodate growth in exports and is expected to drive a material increase in asset base, with substantial progress made in relation to the next phase of expansion
7. Whole-of-terminal commitment to ESG and sustainability

Review of Operations

DBI is an Australian infrastructure company that owns, through its wholly owned entities, the 99 year lease[1] of DBT.

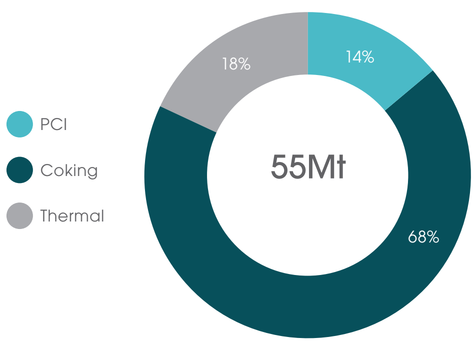


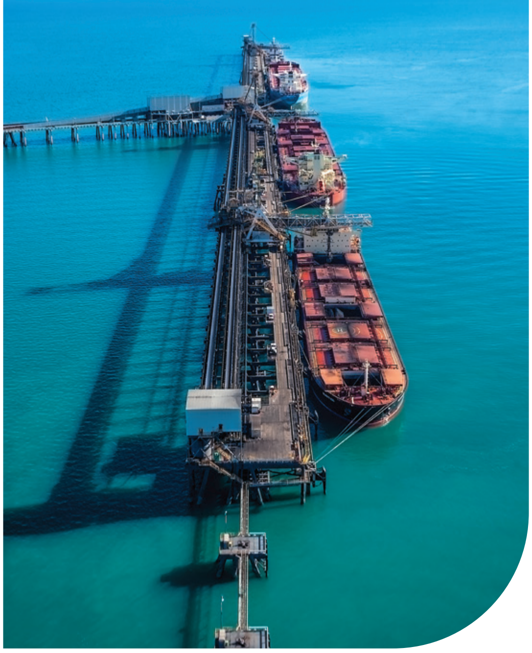


DBT is a regulated multi-user export terminal with a nameplate capacity of 85Mtpa located within the Port of Hay Point, approximately 38km south of Mackay and 900km north of Brisbane. DBT was constructed by the Queensland Government and commenced operations in 1983 and has operated continuously since that time.

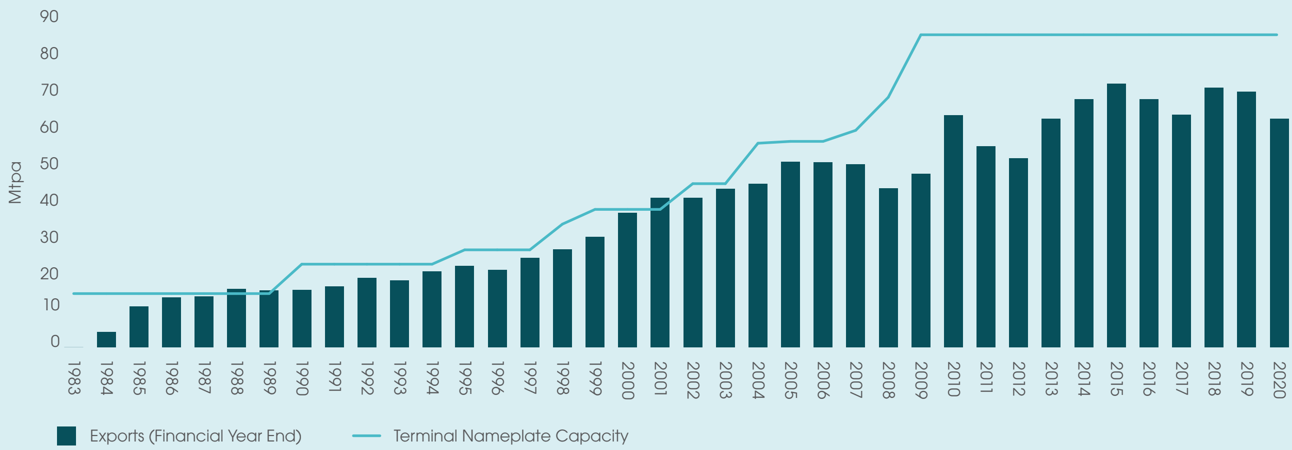
DBT is a globally significant export facility. In 2019 DBT handled more than 30% of Queensland coal exports and 15% of global export metallurgical coal volumes. Metallurgical coal is used to produce steel, an essential product in the world's industrialised economy, making DBT a critical link in the global steelmaking supply chain and the global economy. Approximately 82% of coal shipped through DBT in 2020 was metallurgical coal.

DBT throughput product mix





DBT historical capacity and exports



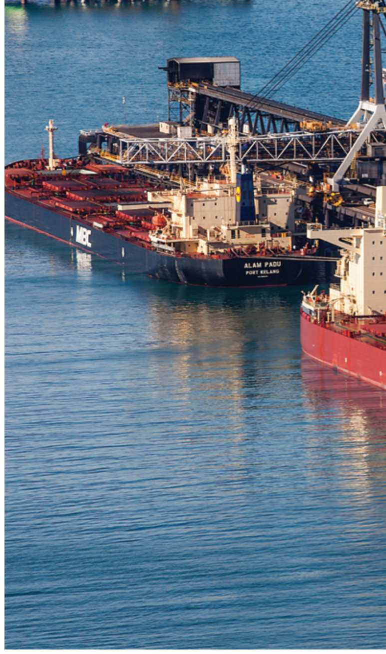
Coal handled by DBT is exported to 23 countries, with key markets comprising large demand centres for export metallurgical coal, including Japan, Korea, Taiwan and India. The terminal is fully contracted from July 2022 until June 2028 on a 100% take-or-pay basis with evergreen renewal options.

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. Six of the Users accounted for approximately 90% of the contracted tonnage in 2020. Users generally have strong credit profiles with approximately 70% of 2020 capacity contracted to Users with investment grade ultimate parent entities. In addition, there is strong alignment with Users, given the Operator is owned by a subset of the mining companies that utilise DBT.

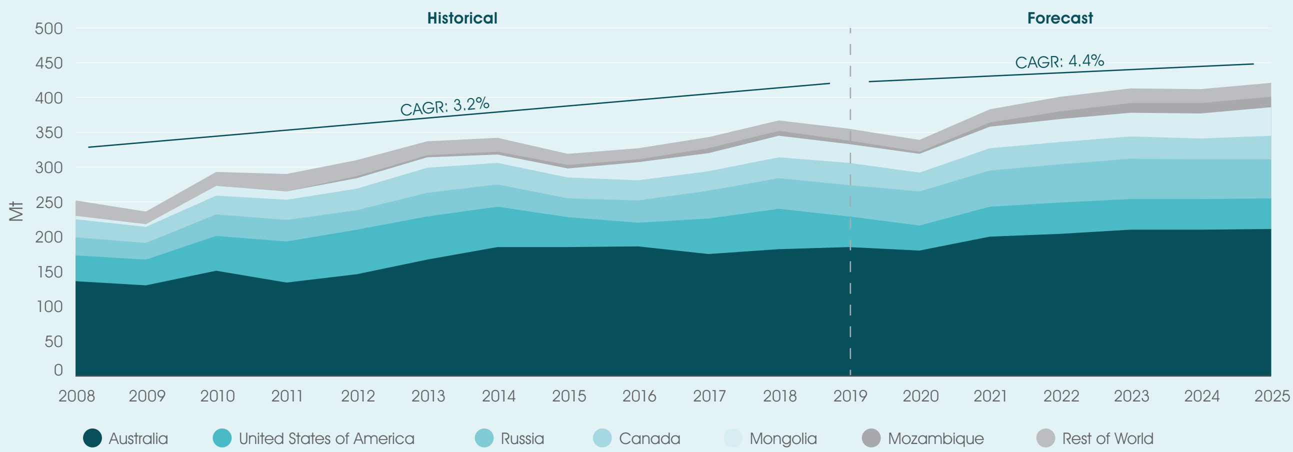
(1) The lease is structured with a 50 year initial lease period (commencing 2001) and a 49 year extension option (at the option of Dalrymple Bay Infrastructure Management Pty Ltd (DBIM)). The option to extend the lease may be exercised at any time between September 2045 and September 2047.

(2) Map sourced from DRNME 2016. User Mines displayed include all BMA mines. BMA mines have Hay Point Coal Terminal (HPCT) as a dedicated terminal. BMA mine production in the Goonyella system above HPCT capacity is understood by DBI to be exported through DBT or Abbot Point Coal Terminal.

Review of Operations continued



Historical and forecast global export metallurgical coal supply



Source: AME

Coal Markets[1]

Metallurgical coal is used to produce steel and comprises both coking coal and pulverised coal injection (PCI) coal. 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.

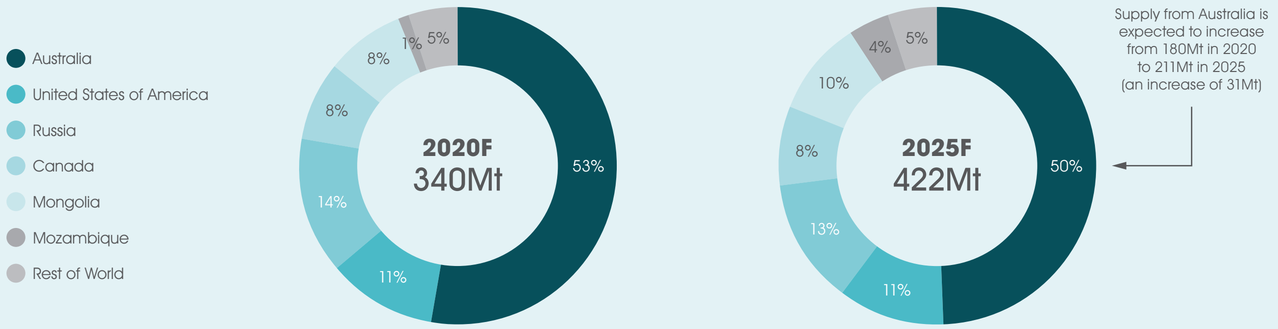
Global export metallurgical coal demand has been underpinned over the past eleven calendar years by stable, consistent demand from Japan, Korea, India and Taiwan. From a DBT perspective, these four countries accounted for 53% of total DBT exports in 2020. Chinese exports through DBT were 14.5mt (down 13% on CY19). 4Q-20 exports from DBT were in line with the rest of 2020 despite no Chinese-chartered vessels being loaded at DBT from mid-November 2020.

Over the next 5 years, global export metallurgical coal demand is forecast to grow from 340Mt in 2020 to 421Mt, a 4.4% CAGR. India is expected to be the most important driver of steel production growth over the next 5 years as steel intensity

Over the next 5 years, global export demand is forecast to grow

4.4% CAGR

Export metallurgical coal supply



Source: AME

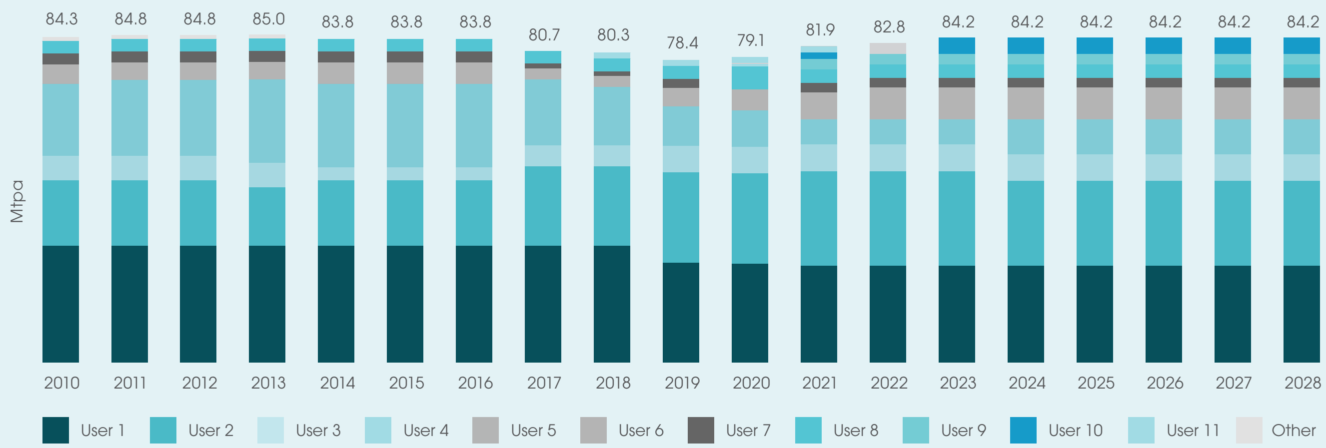
increases to support continued urbanisation of India's large population. India's crude steel production is expected to grow from 104Mt in 2020 to 165Mt in 2025, a 9.7% CAGR. Current Indian government policy supports this expected growth in steel production, with a target of reaching 255Mt by 2030. India 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.

Export metallurgical coal supply is dominated by Australia, United States, Russia, Canada and Mongolia. These five countries account for approximately 94% of total global supply, with Australia alone responsible for 53% of global export supply. Australia's exports are forecast to grow from 180Mt in 2019 to 211Mt in 2025, with Queensland and the Bowen Basin being the largest sources of increased volume. Russia is the second largest producer with 14% of global export supply and is forecast to grow at a 2.9% CAGR to 2025 as new mine projects come online. The United States was 11% of supply in 2019 but is considered a swing producer due to operations generally being older and higher cost.

(1) Coal market and industry data has been sourced from AME Mineral Economics PTY Ltd.

Review of Operations continued

DBT contracted capacity



Contracted Capacity

DBT is governed by the processes outlined in the QCA-approved Access Undertaking. The Access Undertaking sets out the terms of terminal access, the process to negotiate access and for resolving disputes, and the form of the Standard Access Agreement under which Users can contract access to DBT. DBT has a fully contracted profile up to System Capacity of 84.2Mtpa from July 2022 to June 2028 via 100% take-or-pay agreements with coal producers.

During 2020, DBT exported 55mt of coal representing 65% of the contracted capacity. The contract capacity utilisation rate in 2020 was lower than historical periods given the impacts of both COVID-19 and the Chinese ban on imported Australian coal. However, the lower shipment levels and utilisation rate had no impact on revenue generated by DBI given the nature of the take-or-pay contracts.

Expansion Opportunities

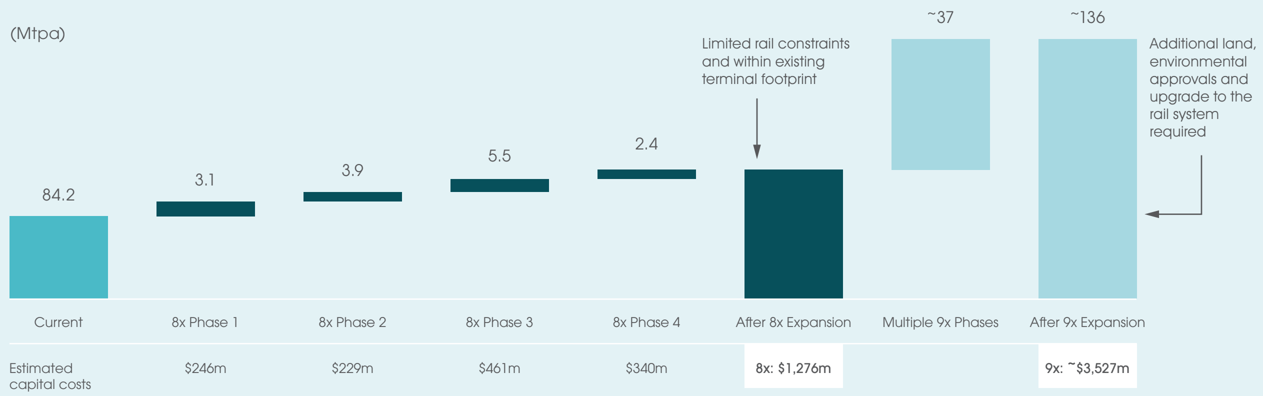
DBT retains expansion optionality to accommodate the expected growth in metallurgical coal exports from the Bowen Basin. The 8X Expansion presents a well-defined technical and commercial pathway to expand capacity to 99.1Mtpa, while the 9X Expansion supports the potential for further expansion of capacity to 135.7Mtpa.

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

9X Expansion supports the potential for further expansion of capacity to

135.7Mtpa

Well defined pathway to 99.1Mtpa through the 8X Expansion and potential further expansion through 9X to 136Mtpa



metallurgical coal projects in the development pipeline, DBI has commenced the planning process for the 8X Expansion.

The 8X Expansion comprises four phases that, if implemented, DBI expects would increase DBT's capacity to 99.1Mtpa at a total estimated cost of approximately $1.3bn ($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 DBT Master Plan sets out the technical pathway for delivering the 8X Expansion over four phases. However, DBI retains significant flexibility over the timing and phasing of the 8X Expansion to deliver capacity to meet customer needs and optimise the delivery program. A final investment decision can be timed to align with customer mine plans, with DBI's obligations to expand the terminal linked to underlying demand and the technical feasibility of the proposed expansion.

A number of important milestones have been met in the 8X Expansion pathway. Conditional Access Agreements have been negotiated and signed for the expansion tonnage. Users have exercised their option to extend Access Agreements for a further five years, proving the requirement for incremental expansion capacity. Access seekers have signed underwriting agreements to underwrite the pre-feasibility study (FEL2) costs and the FEL2 Study has been completed.

Review of Operations continued

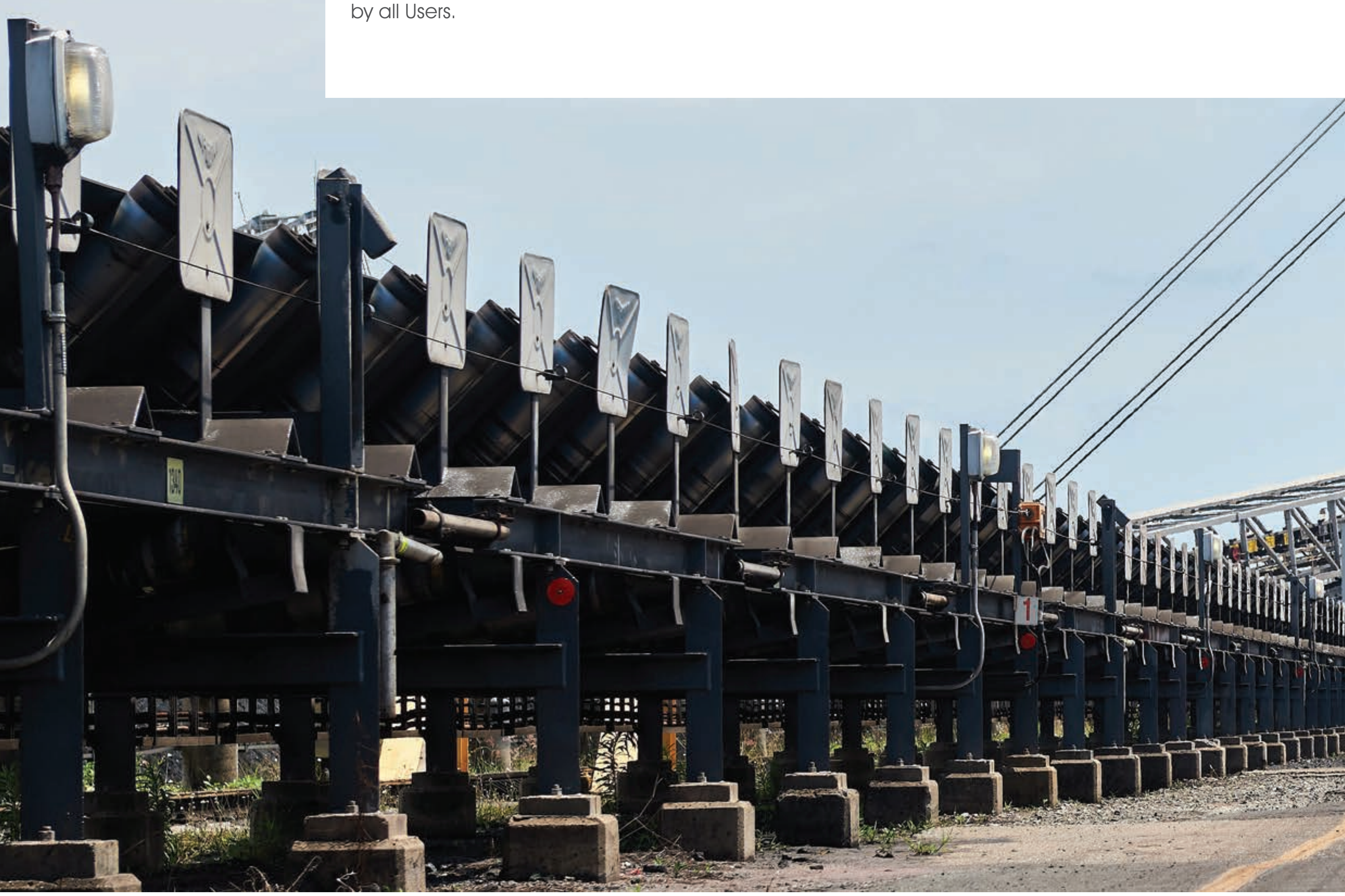
Commercial Framework

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. Historically, the QCA has set access prices at DBT under a revenue cap model. The Annual Revenue Requirement (ARR) for DBT has been determined based on a 'building blocks' methodology which provides for a regulated return on DBT's asset base. Derived from the ARR, a single reference tariff referred to as the Terminal Infrastructure Charge (TIC) is currently paid by all Users.

The Access Undertaking is reviewed by the QCA every five years, with the current Access Undertaking due to expire on 1 July 2021.

In its Draft Access Undertaking (DAU), DBI proposed a transition to a lighter-handed regulatory framework to apply from 2021. Under the terms of the proposed DAU, the TIC is set based on commercial negotiations with Users and Access Seekers rather than determined by the QCA. Importantly, existing User contracts explicitly contemplate negotiation between DBT and each User in order to set the TIC. Key protective mechanisms such as existing take-or-pay obligations and security requirements would continue to operate under the proposed lighter-handed framework.



Australia's exports are forecast to grow from 180Mt in 2019 to

211Mt

in 2025, with Queensland and the Bowen Basin being the largest sources of increased volume

Environment, Social and Governance

DBI's ongoing success relies on maintaining a balance between its ESG responsibilities and playing a pivotal role in the global steel supply chain.

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

To build on the sustainability programs and initiatives currently in place, DBI and the Operator developed the DBT Sustainability Strategy (the Strategy), released in August 2020. The Strategy is aligned with the United Nations Sustainable Development Goals and formalises the principles to guide decision making, daily operations and long-term planning to ensure the operation of the terminal is efficient, safe and sustainable.

DBI and the Operator plan to issue their inaugural sustainability report in September 2021. This report will provide an update on progress against the Strategy and the sustainability performance of the terminal.

DBT's core sustainability 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.

DBT's ESG Highlights:

- Whole-of-terminal commitment to industry leading ESG principles
- Sustainable Strategy aligned with the United Nations Sustainable Development Goals
- More than 50% of terminal waste and all water collected onsite is recycled
- Active role in Dalrymple Bay Terminal Community Working Group and Port of Hay Point Community Reference Group
- $55m proactively invested in storm water management benefiting dust suppression
- More than 30% of DBI's senior management is female
- Essential infrastructure for the global steel supply chain and Queensland Economy
- Majority independent Board and independent Chair

Sustainability

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.

An industry-leading approach was adopted in the development of the Strategy through the undertaking of both a gap analysis of current policies and a materiality assessment. The materiality assessment ensured the Strategy focussed on the issues of most importance to DBT's key stakeholders. 45 important issues were identified in the gap analysis and these were prioritised through a survey with internal and external stakeholders and interviews with targeted stakeholders. More information on the outcome of the assessment can be found in the DBT Sustainability Strategy 2020 document, available on the DBI website.

DBT's Sustainability Strategy Framework:

People

Encourage a positive culture of safety, diversity, transparency, innovative thinking and empowerment in our people.

FOCUS AREAS

- Safety
- Positive Culture and Leadership
- Proactive Communication and Innovative Thinking
- Ongoing Learning and Development
- Health and Wellbeing
- Workforce for the Future

Environment

Leading in environmental management, acknowledging our unique location in the World Heritage Area and proximity to neighbouring communities.

FOCUS AREAS

- Healthy Reef and Ecosystems
- Water Management
- Climate Change and Renewable Energy Transition
- Managing Terminal Footprint
- Waste Management
- Clean and Safe Shipping

Community and Partnerships

Connecting with the community and partners to drive positive change.

FOCUS AREAS

- Stakeholder Engagement and Communication
- Community Investment, Sponsorship and Partnerships
- Sustainability Reporting and Education
- Indigenous and Cultural Relationships
- Industry Outreach
- Research and Reef Partnerships

Business Performance

Delivering prosperity through optimising the terminal and supply chain performance.

FOCUS AREAS

- Terminal Efficiencies
- Change Management and Risk Management
- Long-term Prosperity
- Supply Chain Efficiency
- Sustainable Procurement
- Asset Management

Environment, Social and Governance continued

Environment

DBI and the Operator recognise that DBT's location within the Great Barrier Reef World Heritage Area (GBRWHA), and proximity to residential communities, brings with it a responsibility to ensure operations continue to have no detrimental impact on people and the unique ecosystem. DBT is required to comply with strict environmental regulations that govern operating within the GBRWHA.

The Operator holds the Environmental Authority for DBT and retains responsibility for O&M related compliance. The Operator's Environment Management Plan (EMP) is underpinned by an environment management system which is ISO 14001 certified.

DBT is committed to protecting and enhancing the environment through leading environmental management practices and strong partnerships with organisations such as the Healthy Rivers to Reef Partnership.

Climate Change Position

DBI acknowledges the findings of the Intergovernmental Panel on Climate Change.

We are committed to limiting the impact from our own operations. We will seek to partner with those within our value chain to further reduce emissions where possible.

DBI has committed to achieving net zero Scope 1 and Scope 2 greenhouse gas emissions from its DBT operations by 2050, and is actively working on a strategy to shorten that timeframe.

We will keep stakeholders informed on our progress against established metrics in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

We commit to the following strategic actions:

- Develop a net zero road map for our Scope 1 and 2 greenhouse gas emissions;
- Review Scope 3 emissions and work with our partners to reduce these where feasible;
- Embed climate change strategy and risk management within governance structures; and
- Report on progress in line with recommendations of the TCFD.

The development of a Climate Action Strategy was identified as a key strategic action in the DBT Sustainability Strategy. This joint strategy between DBI and the Operator will consider climate change risk and resilience, energy consumption, efficiency and reduction as well as the net zero road map.

Water

DBT is dependent on the supply of water for use in dust suppression and in operations. In addition, the water from stockpile runoff must be managed to ensure any water discharged from the site into the local environment is of the highest quality.

Water management improvements completed in 2016 created an additional 1,000 ML of on-site water storage and improved stormwater management across 70 hectares of coal stockyard. 2,051 ML of water was captured on site in 2020 and recycled for terminal use.

The development of a Water Management Strategy was a key strategic action identified in the DBT Sustainability Strategy. Work is well progressed, and the key objectives of the Strategy are to develop a resilient and responsible approach to water management (quality and quantity), reduce water usage, improve water efficiency and maintain water security for terminal operations.

Noise & Air Quality

The terminal is in close proximity to neighbouring communities. DBT must proactively manage potential issues to meet regulatory and community expectations.

Minimising dust for workers and the surrounding community is an important focus. DBT uses a variety of techniques including spraying and veneering and has participated in a jointly managed air quality monitoring program with NQBP since 1993.

Rail receival stations have been enclosed to minimise dust and noise. Live monitoring of noise and dust levels on site allows for a timely response to issues.

2020 Highlights

- DBI Climate Position Statement
- Completion of a series of key environmental improvement projects
- War on Waste Program continuing to achieve over 50% recycling rate
- 2,051 ML of water captured on site and recycled for terminal use

Environment, Social and Governance continued

Social: Our People and Communities

DBI and the Operator recognise their workforce is key to a sustainable future and will be critical to their success. DBT offers flexible work arrangements, and ongoing learning and development opportunities focused on strategic, innovative and solutions-focused thinking.

DBT is located within close proximity to a number of communities around Hay Point, as well as nearby Sarina and Mackay. 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 through constructive engagement with the local community.

Health & Safety

The health and safety of those working at DBT is paramount. The Operator's mature safety system is underpinned by ISO45001 Occupational Health and Safety (OH&S) Management certification.

Fostering a culture of caring, reporting and responsibility is essential. A key strategic action of the DBT Sustainability Strategy is to develop a Positive Safety Culture Strategy that continues to embed a proactive safety culture to support safety performance.

Diversity & Inclusion

Ahead of the ASX listing the board of DBI established a new diversity policy as part of its commitment to the maintenance and promotion of workplace diversity. DBI's vision for diversity covers various dimensions of diversity, however gender diversity within the board and senior management team has been identified as an area of focus.

At 31 December 2020, 40% of the current DBI Board and one third of the senior management team is female.

DBT encourages a positive culture of diversity with 20% of DBI and the Operator's combined workforce made up of women.

Community Engagement & Support

Since 2005, DBT has strengthened collaboration with the community through a Community Working Group to foster open information sharing on environmental, social and economic issues.

DBI and the Operator have established a partnership with the Mackay-Whitsunday Healthy Rivers to Reef Partnership to support a regional water quality monitoring program. DBT's five-year commitment to the partnership has seen contributions exceeding $676,000 to date.

DBT is currently developing a Community Investment Strategy. The strategy will ensure alignment with sustainability objectives and a long-term strategic approach to supporting the community.

2020 Key Statistics

- No serious safety incidents in 2020
- Lost time injury frequency rate for 2020 was 1.23, actual LTI 2
- Over $450k joint investment in community support
- DBI board 40% female
- DBI senior management 33% female
- DBI workforce 35% female

Governance

DBI has a strong governance and risk management framework to support its compliance obligations, align terminal planning and operations with global best practice, and instil and reinforce a culture of acting lawfully, ethically and responsibly.

Sustainability Governance

The Board of DBI is responsible for the management of ESG risk. The Compliance, Risk and Sustainability Committee (a Board Committee) assists the Board by reviewing, monitoring and providing ongoing advice and recommendations to the Board on sustainability risks and issues. In addition, the Throughput Maximisation Team (TMT) and Sustainability Steering Committee, composed of senior executives from DBI and the Operator, meet regularly to discuss the operation of the terminal including sustainability performance and implementation of the Sustainability Strategy.

DBI monitors the Operator's sustainability performance and compliance with contractual obligations of the Operational and Maintenance Contract (OMC) through monthly reporting of key performance indicators, management meetings, incident reporting, regular informal interactions, audits, observation of site conditions and monitoring programs.

Risk management

DBI has a comprehensive risk management framework in place to ensure that critical business risks are identified and mitigated to the greatest extent possible. The framework also underpins DBI's ESG commitments, with ongoing compliance important to meeting broader stakeholder expectations in respect of environmental stewardship and the community.

Both the Finance & Audit and Compliance, Risk and Sustainability board committees have responsibility for oversight of financial and non-financial risk management respectively.

The terminal Operator's risk management framework is aligned to ISO 31000 Risk Management Guidelines and provides further assurance regarding the Operator's compliance with its obligations.

Ethics and whistleblowing

DBI refreshed its conduct and ethics-based policies ahead of listing in late 2020.

The DBI Code of Conduct sets out the organisation's values and the principles by which directors and employees are to conduct themselves as a member of the organisation. Employees and directors are expected to undertake Code of Conduct awareness training and certify their commitment each year.

Our ethics helpline and Speak Up Policy provides protection to whistleblowers and encourages reporting of unethical behaviour or violations of the Code of Conduct.

We have a zero tolerance for bribery, fraud and other types of corruption. Annual Anti-bribery and Corruption training is undertaken by all employees to ensure compliance with relevant anti-corruption and anti-bribery legislation.

Board of Directors

Hon Dr David Hamill AM

Chairperson –
Non-Executive Director

David was appointed as an Independent Non Executive Director on 7 August 2020 and as Chair of the Board on 20 October 2020. 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). David is an independent director of Brookfield Business Partners LP, chairperson of the Queensland Bulk Water Supply Authority and chairperson of Act for Kids. 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 Master of Arts degree. David was awarded his Doctor of Philosophy from the University of Queensland.

Mr Anthony Timbrell

Chief Executive Officer –
Executive Director

Anthony was appointed as an Executive Director on 7 August 2020. Anthony joined DBIM in 2008 and was appointed CEO in 2010. 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 joining DBIM, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years. Anthony is the chairperson and a director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.

Mr Bahir Manios

Non-Executive Director

Bahir was appointed as a Non Executive Director on 28 September 2020. Bahir is based in Toronto, Canada, and is a Senior Executive with Brookfield Asset Management Inc 'Brookfield', with responsibility for corporate finance, reporting, tax, treasury, strategy and investor relations activities. 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. Bahir is a graduate of the School of Business and Economics at Wilfrid Laurier University and is a Chartered Professional Accountant.

Ms Bronwyn Morris AM

Non-Executive Director

Bronwyn was appointed as an Independent Non Executive Director on 30 October 2020. 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. Bronwyn is currently chair of Urban Utilities and a director of RACQ, RACQ Insurance, RACQ Bank, Collins Foods Limited and Menzies Health Institute Queensland. 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.

Dr Eileen Doyle

Non-Executive Director

Eileen was appointed as an Independent Non Executive Director on 30 October 2020. 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. 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.

Executive Team

Anthony Timbrell

Chief Executive Officer

Anthony Timbrell joined DBI Management in 2008, and leads an experienced and dedicated team who take pride in managing a world-class asset for the benefit of shareholders, customers and the wider community.

Mr Timbrell has previously worked for a major Australian mining house as well as smaller private operations in marketing and logistics roles. Mr Timbrell was a customer representative during the negotiation of the original Access Undertaking for DBT and has a keen appreciation for the coal industry generally. Anthony holds a Bachelor of Business from the University of Newcastle.

Stephanie Commons

Chief Financial Officer

Stephanie Commons commenced her career in accounting at Ernst & Young and spent over eight years working in Corporate Finance and Corporate Restructuring in Ernst & Young's Brisbane and London offices. During this time, Ms. Commons managed numerous due diligence, restructuring and advisory assignments for both listed and private equity clients in the UK, Europe and US.

Prior to joining DBT in 2006, Ms. Commons managed forensic assignments for the ATO and AFP and held consulting and management roles for both international corporates and advisory firms. Ms. Commons holds a Bachelor of Science (Computing) from the University of Queensland and a Bachelor of Business – Accountancy (with Distinction) from the Queensland University of Technology. She has been a member of the Institute of Chartered Accountants since 1994.

Peter Wotherspoon

Project Director

Peter Wotherspoon joined DBI Management in 2001 and currently holds the position of Project Director.

Peter has more than 30 years experience managing heavy industrial/materials handling construction projects in "brownfields" environments. He has been involved with expansions of DBT since the Stage 3 Expansion in 1997 and his extensive operational knowledge has guided the future planning and optimisation of the terminal over the last 15 years.

Peter holds a Bachelor of Engineering (Mechanical) and a Graduate Diploma in Administration, both from the University of Technology, Sydney.

Jonathan Blakey

General Manager – Commercial and Regulation

Jonathan is responsible for the commercial and regulatory matters associated with the ownership of DBT. Mr Blakey joined DBI Management in 2010, and during his time has supported corporate transactions and strategic planning processes for both DBI Management and its parent company, including the execution of new investments.

Prior to joining DBI Management, Mr Blakey led the Treasury Accounting team at Suncorp Bank. During his time at the bank, he gained significant exposure to complex financial and reporting issues during the GFC.

Jonathan holds a Bachelor of Commerce (Accountancy) and a Bachelor of Business Management (Management & Organisations) from the University of Queensland. He has been a member of CPA Australia since 2005.

Jesse Knight

General Manager – Operations

Having joined DBI Management in 2002, Jesse has a deep understanding of the terminal, the DBT supply chain and the DBT Access regime. Jesse is the face of DBI Management for our customers; responsible for negotiating access agreements, delivering operational performance initiatives and driving DBT supply chain improvements.

Jesse holds a Bachelor of Information Technology and a Masters of Business Administration (Maritime and Logistics Management).

Rebecca O'Donnell

General Manager – Risk, Governance & Sustainability

Rebecca's role within DBI Management is to ensure best practice in governance, risk management and compliance.

Rebecca has worked for DBI Management and its infrastructure parent group since 2003. She commenced her career in a public chartered accounting practice and since then has held various senior financial and analyst roles with a governance and compliance focus.

Since transferring to DBI Management in 2012 Rebecca has led the organisation in recognising the importance of balancing the varying expectations of stakeholders and the need to manage the sustainability of the business and the terminal.

Rebecca holds a Bachelor of Commerce from the University of Queensland and has been a member of the Institute of Chartered Accountants since 1998.

Financial Report

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Directors' Report

The Directors of Dalrymple Bay Infrastructure Limited (the 'Company' or 'DBI') present their financial statement for the period from incorporation on 7 August 2020 to 31 December 2020.

The Dalrymple Bay Infrastructure Consolidated Group ('the Group') comprises the Company, and

- Dalrymple Bay Infrastructure Holdings Pty Ltd
- Dalrymple Bay Infrastructure Management Pty Ltd ('DBIM')
- Dalrymple Bay Finance Pty Ltd ('DB Finance')
- Dalrymple Bay Investor Services Pty Ltd (Trustee for the DBT Trust)
- DBT Trust
- BPIRE Pty Ltd (Trustee for the BPI Trust and Brookfield DP Trust)
- BPI Trust
- Brookfield DP Trust
- Brookfield Infrastructure Australia Trust; and
- Dudgeon Point Project Management Pty Ltd

(together the 'DBT Entities').

In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows.

The Directors of the Group during the reporting period or since the end of the financial year were:

Directors	Position
Hon Dr David Hamill AM (appointed 7 August 2020)	Chairman, Independent Non-Executive Director
Mr Anthony Timbrell (appointed 7 August 2020)	Chief Executive Officer (CEO) and Executive Director
Mr Bahir Manios (appointed 28 September 2020)	Non-Executive Director
Ms Bronwyn Morris AM (appointed 30 October 2020)	Independent Non-Executive Director
Dr Eileen Doyle (appointed 30 October 2020)	Independent Non-Executive Director
Mr Jeffrey Kendrew (appointed 7 August; resigned 28 September 2020)	Non-Executive Director
Mr Jonathon Sellar (appointed 17 December 2020)	Non-Executive Director (Alternate Director for Bahir Manios)

Except as noted, the named persons held their current position for the whole of the reporting period and since the end of the financial year.

Directors' Report (continued)

1 Chair and Independent Non-Executive Director

Hon Dr David Hamill AM

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee (Chair)
- Finance and Audit Committee
- Compliance, Risk and Sustainability Committee

David was appointed as an Independent Non-Executive Director on 7 August 2020 and as Chair of the Board on 20 October 2020. 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). David is an independent director of Brookfield Business Partners LP, chairperson of the Queensland Bulk Water Supply Authority and chairperson of Act for Kids. 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 Master of Arts degree. David was awarded his Doctor of Philosophy from the University of Queensland.

Directorships of listed companies during the last three years:

- Brookfield Business Partners LP (NYSE and TSE listed) (June 2016 to date)

1.1 Chief Executive Officer (CEO) and Executive Director

Mr Anthony Timbrell

Anthony was appointed as an Executive Director in August 2020. Anthony joined DBIM in 2008 and was appointed CEO in 2010. 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 joining DBIM, Anthony worked for Foxleigh Mining for 4 years and Rio Tinto for 8 years. Anthony is the chairperson and a director of Integrated Logistics Company Pty Ltd. Anthony has a Bachelor of Business from the University of Newcastle.

Directorships of listed companies during the last three years:

None

1.2 Non-Executive Director

Mr Bahir Manios

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Finance and Audit Committee
- Compliance, Risk and Sustainability Committee

Bahir was appointed as a Non-Executive Director on 28 September 2020. Bahir is based in Toronto, Canada, and is a Senior Executive with Brookfield Infrastructure Partners L.P. ('Brookfield'), with responsibility for corporate finance, reporting, tax, treasury, strategy and investor relations activities. 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. Bahir is a graduate of the School of Business and Economics at Wilfrid Laurier University and is a Chartered Professional Accountant.

Directorships of listed companies held during the last three years:

None

1.3 Independent Non-Executive Directors

Ms Bronwyn Morris AM

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Finance and Audit Committee (Chair)

Bronwyn was appointed as an Independent Non-Executive Director on 30 October 2020. 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. Bronwyn is currently chair of Urban Utilities and a director of RACQ, RACQ Insurance, RACQ Bank, Collins Foods Limited and Menzies Health Institute Queensland. 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.

Directorships of listed companies held during the last three years:

- Collins Foods Limited (June 2011 to date)
- Watpac Limited (Feb 2015 – Sept 2018)

Dr Eileen Doyle

Member of the following Board Committees:

- Governance, Remuneration and Nomination Committee
- Compliance, Risk and Sustainability Committee (Chair)

Eileen was appointed as an Independent Non-Executive Director on 30 October 2020. 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. 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.

Directorships of listed companies held during the last three years:

- Boral Limited (March 2010 to October 2020)
- NEXTDC Limited (August 2020 to date)
- Oil Search Limited (February 2016 to date)
- GPT RE Limited (March 2010 to May 2019)

1.4 Alternate Non-Executive Director

Mr Jonathon Sellar

Jonathon was appointed as an Alternate Non-Executive Director for Mr Bahir Manios on 17 December 2020. Jonathon is a Managing Director and Chief Operating Officer for Australia in Brookfield's Infrastructure Group, responsible for the asset management function in Australia. Jonathon joined Brookfield in 2010, following Brookfield's acquisition of the Australian listed company, Prime Infrastructure, where he had served as the Chief Financial Officer since 2002. Previously, he held senior roles at InterGen Australia and at PricewaterhouseCoopers. Jonathon holds a Bachelor of Business (Accountancy) from the Queensland University of Technology and has been a member of the Institute of Chartered Accountants in Australia and New Zealand since 1996.

Directorships of listed companies held during the last three years:

None

Directors' Report (continued)

1.5 Company secretary

Mr Michael Ryan

Michael was appointed Company Secretary on 7 August 2020. Michael is a Managing Director and Counsel in Brookfield's Infrastructure Group, responsible for overseeing the legal function in the Asia Pacific region and the corporate administration of Brookfield Infrastructure Partners. Michael joined Brookfield in 2010, following Brookfield's acquisition of the Australian listed company, Prime Infrastructure, where he had served as General Counsel and Company Secretary since 2004. Prior to this role, he was an Associate at the law firm Freehills. Michael holds degrees in International Business and Law with first class honours from Griffith University and was a university medallist. He also holds a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

Directorships of listed companies held during the last three years:

None

1.6 Former Officeholders

During the 2020 reporting period, the following people ceased to be officeholders of the Company:

- Mr Jeffrey Kendrew – Non-Executive Director for the period 7 August 2020 to 28 September 2020

1.7 Directors' security holdings

The following table sets out each director's relevant interest in stapled securities, debentures, and rights or options in securities or debentures of the company or a related body corporate as at the date of this report:

Dalrymple Bay Infrastructure Limited

Directors	Fully paid stapled securities Number	Security options Number	Convertible notes Number
David Hamill	39,000	–	–
Eileen Doyle	72,000	–	–
Bronwyn Morris	39,000	–	–

1.8 Security options granted to directors and senior management

During the reporting period and since the end of the financial year, no security options were granted to any of the directors of the Company. During the reporting period and since the end of the financial year, no security options were granted to the five highest remunerated officers of the company and its controlled entities as part of their remuneration. However, certain members of the senior management team are entitled to security options which will be granted in due course. These security options will have an effective grant date of 8 December 2020.

1.9 Principal activities

The Group's principal activity during the course of the reporting period was the provision of capacity to independent customers to ship coal through the Dalrymple Bay Terminal ('DBT'), which is located at the Port of Hay Point, south of Mackay in Queensland.

1.10 Distributions and Dividends

The Company did not pay or declare distributions or dividends during the reporting period and there were no capital distributions made to repay the DBI loan notes issued to securityholders ('Loan Notes').

The Directors have approved a transition to quarterly distributions. The Company remains on track to deliver distributions of 9.0 cents per security ($45 million) for the 6-month period to 30 June 2021, as forecast in the Company's listing prospectus lodged 20 November 2020 ('Prospectus'). The forecast 1QFY21 distribution of 4.5 cents per security ($22.5 million) is expected to be declared in May 2021 and paid in June 2021.

1.11 On-market buy-back

The Directors have resolved to establish an on-market buy-back program, enabling the Company to buy back up to 10% of its issued capital for a period of 12 months, should the Directors consider it advantageous to do so.

The Directors will consider a buy-back having regard to the prevailing stapled security price, market conditions, and the Company's financial situation during the buy-back period, including the desired level of gearing and the intention to maintain the Company's investment grade rating. The Company will only buy back stapled securities if the Directors consider it beneficial for the Company to do so, having regard to these factors. Any buy-back will be within the '10/12 limit' permitted by the *Corporations Act 2001* (Cth) and therefore will not require shareholder approval.

1.12 Operating and financial review

Operational Review

DBT is considered a specialty metallurgical coal terminal that operates 24 hours a day. More than 80 different grades of metallurgical coal from the Bowen Basin are exported to 23 countries. Key CY2020[1] operating highlights include:

- Total coal exports for CY2020 totalled 55mt of coal (versus 67mt in CY2019).
- Coal exports during CY2020 were approximately 82% metallurgical coal and 18% thermal coal.
- Key export destinations were Japan, South Korea, India and Taiwan, accounting for approximately 53% of total exports.
- Chinese exports through DBT were approximately 14.5mt (down 13% on CY2019).
- 4Q-20 exports were in line with the rest of CY2020 despite no Chinese-chartered vessels being loaded at DBT from mid-November.

1. CY2020 is calendar year 1 January – 31 December 2020. CY2019 is calendar year 1 January – 31 December 2019.

Directors' Report (continued)

Financial Review

During the reporting period, the Group made a net operating loss after income tax of $113,208,000. The statutory results reflect the listing date of 8 December (with 24 days trading from the DBT Entities) and consequently differ to the statutory forecasts provided in the Prospectus which assumed listing on 1 December.

$ million	2020 Statutory Results (8 to 31 December 2020)	Prospectus Forecast 2020 Statutory (1 December to 31 December 2020)
TIC Revenue	13.0	16.8
Handling revenue	10.4	21.3
Total Revenue	**23.4**	**38.1**
Terminal operator's handling costs	(10.4)	(21.3)
G&A Expenses (excluding IPO[1] Transaction Costs)	(2.1)	(5.0)
G&A Expenses (IPO Transaction Costs)	(129.3)	(125.2)
EBITDA[2] (non-statutory)	**(118.4)**	**(113.4)**
Interest expense	(5.7)	(8.0)
Depreciation and Amortisation	(2.4)	(3.2)
Loss before Tax	**(126.5)**	**(124.6)**
Income tax benefit	13.3	9.1
Net loss after Tax	**(113.2)**	**(115.5)**

1. IPO is Initial Public Offering.
2. Earnings Before Interest, Tax, Depreciation and Amortisation.

When comparing statutory results for the period to 31 December 2020 to the forecast provided in DBI's listing prospectus:

- Handing Revenue and the Terminal operator's handling costs, which as a pass through, have no impact on DBI's EBITDA, were 51% below forecast reflecting lower spend by the terminal operator than budgeted
- Terminal Infrastructure Charge (TIC) Revenue was in line with forecast when pro-rated for the 24 days from listing versus the 31-day forecast period
- Underlying costs of $2.1 million were favourable to Prospectus, with IPO Transaction Costs of $132.4 million (of which $129.3 million has been expensed) being slightly higher than the assumed IPO Transaction Costs of $128.6 million (of which $125.2 million was forecast to be expensed)
- EBITDA, Loss before tax and Loss after tax were within 5% of the Prospectus.

Balance Sheet

Liquidity in the Group as at 31 December 2020 comprised $214 million in undrawn bank facilities (of which $27 million was undrawn on the Liquidity Facility), $139.1 million cash at bank (approximately $100 million of which was earmarked to meet IPO Transaction Costs) and $36 million in restricted cash.

The Group's debt book comprises bank debt and fixed and floating rate bonds, with a weighted average tenor of 5.9 years. The Group has continued to receive strong support from lenders and has maintained very good access to onshore and offshore debt markets as evidenced by subsidiaries refinancing over $1.0 billion during 2020. As at 31 December 2020, total reported borrowings were $2,039.5 million (at 31 December 2020, non-statutory drawn debt was $1,859.9 million).[1]

1. Non-statutory debt uses the foreign currency exchange rate per the CCIR swaps to translate USD denominated debt to AUD. Drawn debt includes $33.0m temporarily drawn on Liquidity Facility at year end.

The Group's treasury policy requires that at least 75% of core debt is hedged with interest rate swaps to align with the regulatory regime.

Furthermore, currency exposure on the USD-denominated USPP notes is 100% hedged under cross currency interest rate swaps (CCIRS) transacted at the time of raising the USD debt. CCIRS 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 CCIRS are hedged for the life of the foreign currency borrowings, removing sensitivity to foreign exchange movements for both interest and principal.

$ million	Statutory 31-Dec-20	Non-statutory [1] 31-Dec-20	Prospectus pro-forma statutory 30-Jun-20	Prospectus pro-forma non-statutory [1] 30-Jun-20
Short-Term Debt				
Bank Facilities	33.0	33.0	361.0	361.0
Note Facilities	–	–	230.0	230.0
Long-Term Debt				
Bank Facilities	310.5	313.0	466.0	466.0
Note Facilities	1,696.0	1,513.9	1,260.5	936.6
Total Borrowings [2]	**2,039.5**	**1,859.9**	**2,317.5**	**1,993.6**
Restricted Cash [3]	36.0	36.0	36.0	36.0
Unrestricted Cash	139.1	139.1	29.3	29.3
Total net debt	**1,864.4**	**1,684.8**	**2,252.2**	**1,928.3**

Notes:

1. USD borrowings expressed in AUD at the exchange rate per the cross-currency interest rate swaps transacted at the time of raising the USD debt.
2. Total borrowings exclude $5.2 million of loan establishment costs.
3. Restricted cash is the debt service reserve account, which represents 6 months debt service.

Directors' Report (continued)

Regulatory Environment

As part of the ongoing regulatory regime administered by the Queensland Competition Authority ('QCA'), DBIM is required to submit an access undertaking to the QCA for approval every 5 years. DBIM submitted a draft access undertaking (2019 DAU) to the QCA for assessment in July 2019 proposing a transition to a lighter-handed regulatory framework in the form of a 'negotiate-arbitrate' pricing regime. The QCA draft decision on the 2019 DAU indicated a move toward lighter-handed price regulation may be appropriate to approve, subject to certain amendments being made.

A final decision on DBIM's 2019 DAU is now expected in March 2021. The potential transition to a light-handed pricing framework will provide the Group with the ability to seek infrastructure charges that better reflect the value individual customers place on accessing our services.

8X Expansion

The terminal retains significant 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 in 4 phases. 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.

In December 2020, DBI completed the technical aspects of a FEL2 Study (pre-feasibility) for the 8X expansion which was fully underwritten by access seekers. The study revealed that the 8X expansion can expand the system capacity to 99.1Mtpa at a cost of $1,276 million.

Subject to further underwriting, DBI will proceed with FEL3 (feasibility) in 2021.

ESG Performance

The Company operates under industry leading Environment, Social and Governance (ESG) and sustainability principles. DBI and the operator of the terminal recognise that the terminal's location within the Great Barrier Reef World Heritage Area and its proximity to residential communities brings responsibility to ensure operations continue to have no detrimental impact on people or the unique ecosystem. Together, DBI and the operator are committed to protecting and enhancing the environment through leading environmental management practices and strong partnerships with environmental groups.

During 2020, DBI, in collaboration with the terminal operator, launched the DBT Sustainability Strategy 2020 which sets the framework for the management of ESG risks and to build on the sustainability programs and initiatives already in place.

Outlook

The Directors have resolved to transition to a quarterly distribution while still maintaining distribution guidance of 9.0 cents per security ($45m) for 1HY-21. The first two quarterly distribution payments will provide an FFO payout ratio for 1HY-21 which, as noted in the Prospectus, will be above DBI's longer term target payout ratio of 60-80% of FFO [1]. The Company will continue to focus on its core investment drivers and target to grow distributions per share by 1%-2% per annum for the foreseeable future [2]. These investment drivers include:

- Delivering on DBI's whole-of-terminal commitment to ESG and sustainability
- Continuing to progress the proposed transition to a lighter-handed regulatory framework
- Maintaining stable, predictable cash flows, with high margins, via our long-term take-or-pay contracts
- Continuing the longstanding relationships with customers and strong alignment through the value chain
- Progressing the opportunities to capture long-term growing Bowen Basin metallurgical coal production via growth options such as the 8X expansion

- Growing the asset base through continued investment in sustaining capital expenditure; and
- Maintaining an investment grade balance sheet.

1. Reflecting the interest rate swaps set in June 2016 at 2.03% which roll-off in June 2021.
2. Based on the fact that forecast distributions beyond 1HY-21 are initially expected to be at the lower end of the FFO payout ratio range and the fact that DBI anticipates: (a) 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); (b) a requirement to invest further capital in DBT for NECAP and to expand; (c) 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 (d) that there will be additional adjustments to pricing to compensate for the further investment.

1.13 Risks

Regulatory oversight as a "declared service"

The 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. DBI has lodged a judicial review application in relation to the extension of the declaration. 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.

Regulation of pricing

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 was a draft determination, the QCA's final determination could revise the proposed approach or negatively impact DBI.

Expansion risk

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. 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.

Risks of user default

The business operations of users may be impacted by a number of factors, including economic and political conditions and global demand and prices for coal. The Group 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. A key mitigant to the risk of user default is the socialisation of defaults across remaining users. Socialisation of defaults forms part of the current access undertaking, and is retained in the proposed draft access undertaking currently under consideration by the QCA.

Reduction in metallurgical coal demand

Beyond the term of the current take-or-pay contracts (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 metallurgical coal. Any long-term reduction in the global demand for metallurgical 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.

Financial and funding risks

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. 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. Debt is required to be refinanced at varying maturity dates. If acceptable terms cannot be agreed on or before maturity of these loans, dividends, distributions and other payments by members of 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.

Other risks

A number of other risks relating include:

- DBI's dependence on third party contractors for the delivery of expansions
- DBT is not the only terminal in Queensland
- changes in business regulation
- DBT's operations may be disrupted
- DBI is exposed to environmental risks, including risks relating to remediation and climate change
- DBI's business depends on its ability to maintain the DBT Leases
- DBT is DBI's single asset; and
- other investment risk factors, including general economic factors, liquidity, Securityholder dilution, taxation changes and changes in Australian Accounting Standards.
- dependence on coal supply chain in the Bowen Basin

1.14 Climate-related risk

DBI acknowledges the findings of the Intergovernmental Panel on Climate Change and acknowledges that climate change is having financial implications on a range of industries. Climate change will have physical and transition risk implications for the DBI business and the industry in which it operates.

Transition risks emerging as a result of the transition to a low-carbon economy, related to energy policy, regulation, technology and market shifts, will affect demand for the products handled by DBT.

Physical risks in the form of extreme weather events may result in increased disruption to DBT and the supply chain, however DBI's revenues are largely protected by its strong contracting provisions/terms.

DBI has undertaken an initial vulnerability assessment to identify potential climate-related risks and is actively working through confirming and assessing those risks. The Directors expect to be in a position to report on DBI's progress in its inaugural Sustainability Report to be issued in September 2021, and to provide additional TCFD aligned disclosures in the 2021 Annual Report.

DBI is also committed to limiting the impact from its operations by reducing its own GHG emissions.

1.15 Changes in state of affairs

The Company was incorporated on 7 August 2020. On 8 December 2020, the Company was listed on the Australian Securities Exchange ('ASX') and acquired the DBT Entities.

The Company has not been financially impacted by the recent COVID-19 events. The Directors have concluded this after noting no disruption to the operations at the terminal and the take or pay nature of customer contracts.

Other than that, there was no significant change in the state of affairs of the Company during the period.

1.16 Environmental regulations

The Group's assets are subject to compliance with applicable Commonwealth and Queensland State environmental laws. The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and are not aware of any breach of those environmental requirements as they apply to the Group.

1.17 Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

1.18 Future developments

The QCA is expected to release a final decision in March 2021 regarding DBIM's 2019 DAU. This decision will determine the commercial framework for DBI's next regulatory period commencing 1 July 2021.

As referred to above, DBI 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 in 4 phases. Subject to further underwriting, DBI will proceed with the FEL3 (feasibility study) for the 8X expansion in 2021.

DBIM is required to submit to DBCT Holdings Pty Limited, a master plan that addresses any changes to DBT in respect to circumstances, demand, technology or other relevant matters each year, unless there is no change to the previous year's master plan.

A copy of the DBIM master plan is available on DBI's website, www.dbinfrastructure.com.au

1.19 Indemnification of officers and auditors

During the reporting period, the Company paid premiums to insure certain officers of the Company (as named above), and the Executive Officers of the Company's subsidiaries, against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

1.20 Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Directors' Report (continued)

1.21 Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the reporting period and the number of meetings attended by each director (while they were a director or committee member). During the reporting period, there were 4 board meetings held. There were no Governance, Remuneration and Nomination Committee meetings, Finance and Audit Committee meetings and/or Compliance, Risk and Sustainability Committee meetings held during the reporting period.

	Board of directors	
Directors	Held	Attended
David Hamill	4	4
Anthony Timbrell	4	4
Bahir Manios	4	4
Bronwyn Morris	4	4
Eileen Doyle	4	4
Jeffrey Kendrew [1]	–	–
Jonathon Sellar [2]	–	–

1. Jeff Kendrew had resigned as a director prior to the date the first Board meeting was held.
2. No meetings were held after the date Jonathon Sellar was appointed as an alternate director.

1.22 Remuneration report

The following Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of the Company's key management personnel for the period ended 31 December 2020. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entities, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Remuneration Report

Letter from the Chair

Dear Securityholders

The Board is pleased to present you with Dalrymple Bay Infrastructure Limited's first Remuneration Report for the period ended 31 December 2020 ('FY2020').

FY2020 was a significant and exciting period for DBI with the Company listing on the ASX on 8 December 2020.

On listing, the Board adopted a remuneration framework for the Company that is appropriate for the listed environment and aligns with the Company's strategy. The Company's remuneration framework for senior executives comprises the following 3 key components:

1. *fixed remuneration* – comprising base salary, superannuation contributions and other benefits;
2. *short-term incentive* ('STI') – an 'at risk' component of remuneration where, if individual and Company-wide performance measures are met, STI awards will be delivered 50% in cash, and 50% in cash-settled rights which are deferred for one year; and
3. *long-term incentive* ('LTI') – an 'at risk' component of remuneration where senior executives are awarded cash-settled rights, 50% of which are subject to a risk-adjusted total securityholder return ('TSR') performance condition and 50% of which are subject to a distributable cash flow ('DCF') condition.

The Board believes that this remuneration framework ensures that remuneration outcomes link to Company performance and the long-term interests of securityholders. DBI has chosen to use cash-settled rights that track the price of DBI stapled securities based on external advice received prior to IPO that this structure is the most cost-effective and appropriate remuneration structure for the Company.

On behalf of the Board, I invite you to read the Remuneration Report and welcome any feedback that you may have.

Hon Dr David Hamill AM
Governance, Remuneration and Nomination Committee Chair

Remuneration Report (continued)

Contents

1. REMUNERATION ESSENTIALS

What does this Report cover?

The directors of Dalrymple Bay Infrastructure Limited are pleased to introduce to securityholders the Company's Remuneration Report for the period from the Company's incorporation on 7 August 2020 to 31 December 2020 ('Reporting Period'). This Remuneration Report has been audited in accordance with the *Corporations Act 2001* (Cth) ('Corporations Act').

As this is the Company's first Remuneration Report as a listed entity, no comparative data is provided in the Report. Comparative information will be provided in future years to assist securityholders to understand the remuneration structures put in place by, and the performance of, the Company.

In addition, this Report does not contain any information relating to the outcomes of the STI and LTI awards discussed in this Report, as those awards have not yet reached the time for their outcomes to be assessed. This information will be provided in future years.

Who does this Report cover?

This Report sets out the remuneration arrangements for DBI's key management personnel ('KMP'). Throughout the Remuneration Report, KMP are referred to as either senior executive or non-executive directors.

The following table sets out DBI's KMPs for the Reporting Period.

Non-executive directors		Commenced as KMP
Name	Position	Date
Hon Dr David Hamill	Chair and independent non-executive director	7 August 2020 (non-executive director) 20 October 2020 (Chair of the Board)
Dr Eileen Doyle	Independent non-executive director	30 October 2020
Bahir Manios	Nominee non-executive director	28 September 2020
Bronwyn Morris	Independent non-executive director	30 October 2020
Jonathon Sellar	Alternate non-executive director for Bahir Manios	17 December 2020

Senior executives		Commenced as KMP
Name	Position	Date
Anthony Timbrell [1]	Executive Director	7 August 2020
	Chief Executive Officer (CEO)	8 December 2020
Stephanie Commons	Chief Financial Officer (CFO)	8 December 2020

1. Anthony was appointed a Director of DBI on 7 August 2020. Anthony became CEO when DBI acquired the DBT Entities on listing on 8 December 2020.

Remuneration Report (continued)

Remuneration governance and framework

Role of the Board and Governance, Remuneration and Nomination Committee

The Board is responsible for establishing, and overseeing the implementation of, the Company's remuneration policies and frameworks and ensuring that they are aligned with the long-term interests of DBI and its securityholders.

The Governance, Remuneration and Nomination Committee has been established to assist the Board with these responsibilities. The role of the Governance, Remuneration and Nomination Committee is to review key aspects of DBI's remuneration structure and arrangements and make recommendations to the Board. In particular, the Committee reviews and recommends to the Board:

1. arrangements for the senior executives (including annual remuneration and participation in short-term and long-term incentive plans);
2. remuneration arrangements for non-executive directors;
3. major changes and developments to the Company's employee incentive plans; and
4. whether offers are to be made under the Company's employee incentive plans in respect of a financial year and the terms of any offers.

Use of remuneration consultants and other advisors

During the Reporting Period, no remuneration recommendations were received from remuneration consultants.

Prior to listing, the previous securityholder conducted benchmarking of an appropriate remuneration structure for the senior executives of the Company by comparing similar listed peer companies of a comparable size, complexity and scale to DBI.

Remuneration policy and guiding principles

Senior executive remuneration

DBI's remuneration framework is designed to be competitive, to focus senior executives on executing the Group's strategy and is aligned to achieving business objective to increase securityholder value.

The Board and the Governance, Remuneration and Nomination Committee are guided by the following objectives when making decisions regarding senior executive remuneration:

Attract and retain skilled executives	Motivate executives to pursue the Company's long-term growth and success	Demonstrate a clear relationship between Company's and executives' performance
Appropriately incentivise positive risk behaviour and improved customer outcomes	Allow for proper adjustments to be made	Ensure any termination benefits are justifiable and appropriate

Non-executive director remuneration

In remunerating non-executive directors, DBI aims to ensure that it can attract and retain qualified and experienced directors having regard to:

1. the specific responsibilities and requirements for the DBI Board;
2. fees paid to non-executive directors of other comparable Australian companies; and
3. the size and complexity of DBI's operations.

Remuneration mix and components

The Company's current compensation arrangements for KMP were disclosed in the Prospectus dated 20 November 2020.

The Company's senior executive remuneration framework is summarised below and includes components of remuneration which are structured to motivate senior executives to deliver sustained returns through a mix of short-term and long-term incentives.

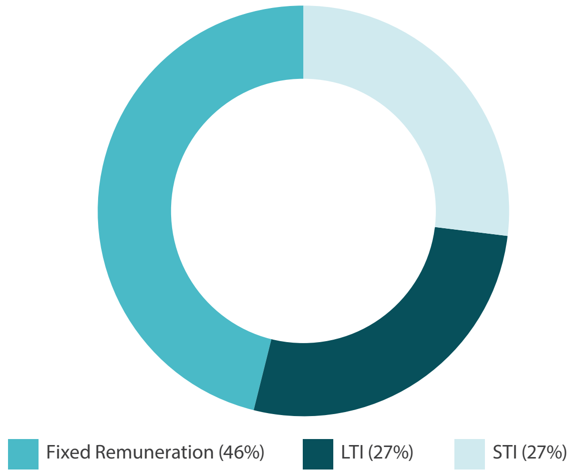
Senior Executive Remuneration Framework

Fixed remuneration – Cash	Short-term incentive (at risk) – Cash and cash-settled rights	Long-term incentive (at risk) – Cash-settled rights
• Base salary plus superannuation and other benefits • Base salary was formally benchmarked before the IPO against a listed peer group of companies of comparable size, complexity, and scale to DBI and it is intended that DBI will position itself at the lower to median quartile of this listed peer group of companies • Influenced by individual performance • Reviewed annually	• STI is subject to individual and Company performance hurdles • STI is subject to a gateway hurdle, which for the period from IPO to 31 December 2021 will require achievement of prospectus EBITDA and distribution forecasts • Performance initially measured over the period from IPO to 31 December 2021 and thereafter on the Company's fiscal year • Awarded 50% of the STI outcome in cash, and 50% in cash-settled rights which will vest following a 12-month deferral period	• Vesting is subject to a Total Securityholder Return (TSR) performance condition and a Discounted Cashflow (DCF) performance condition • Performance measured over 3 years
Market competitive base reward	*Encourages sustainable performance in the medium to longer term, is aligned to securityholders and provides a retention element*	

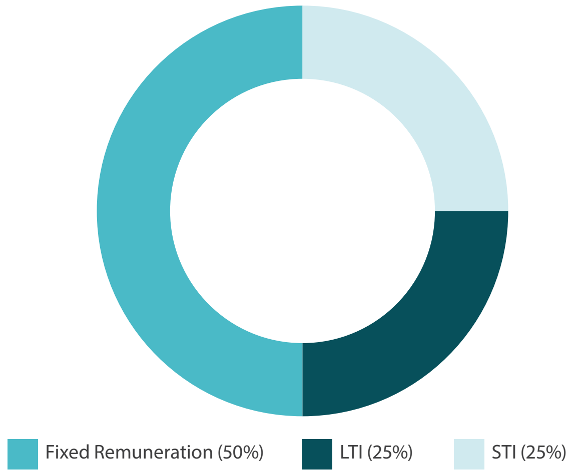
Remuneration Report (continued)

All remuneration during the Reporting Period was fixed remuneration. However, the table below illustrates the anticipated mix of remuneration for the senior executives assuming at target performance criteria is achieved by the company for the period from IPO to 31 December 2021.

Forecast maximum remuneration mix for CEO, Anthony Timbrell, for the Period from IPO to 31 December 2021



Forecast maximum remuneration mix for CFO, Stephanie Commons, for the Period from IPO to 31 December 2021



Company performance

The table below shows the Company's financial performance using a number of key measures during the reporting period. Comparative numbers for the previous four years are not shown as this is the Company's first Remuneration Report as a listed entity.

Security Performance ($)			Earnings Performance ($M)				Liquidity	
Closing Security price [1] (A$)	Distribution per Security ($)	EPS (%)	Revenue ($M)	EBIT ($M)	NPAT ($M)	ROE (%)	Cash flow from Operations ($M)	Debt Equity Ratio
2.09	nil	nil	23.4	(120.8)	(113.2)	(13)	(3.6)	2.64

1. Opening security price on listing on the ASX was $2.57 per stapled security.

The new STI and LTI arrangements put in place for senior executives at the time of listing did not vest in FY2020. A more detailed discussion of the relationship between senior executive remuneration outcomes and Company performance will be included in future remuneration reports.

2. SENIOR EXECUTIVE REMUNERATION IN DETAIL

Details of components of senior executive remuneration

Fixed remuneration

The remuneration of all senior executives includes a fixed component comprised of base salary and employer superannuation contributions. Senior executives are also provided with a company supplied mobile phone and laptop computer to enable them to perform their roles as senior executives of the company. The amounts disclosed as non-monetary benefits relate to the cost of providing income-protection insurance and an executive health assessment to the senior executives during the Reporting period.

Base salary was formally benchmarked before the IPO against a listed peer group of companies of comparable size, complexity and scale to DBI and it is intended that DBI will position itself at the lower to median quartile of this listed peer group of companies. Fixed remuneration for senior executives is market-aligned to similar roles in companies of a comparable size, complexity and scale to DBI. Fixed remuneration is generally set at the lower to median quartile of this peer group of companies. Fixed remuneration will be regularly reviewed by the Governance, Remuneration and Nomination Committee with reference to each senior executive's individual performance and relevant comparative compensation in the market.

Short-term incentive

The table below provides an explanation of the terms and conditions applying to the STI plan during the Reporting Period.

Overview of the STI plan	The STI plan is an 'at-risk' component of senior executive remuneration whereby, if the applicable performance conditions are met, STI awards will be delivered 50% in cash and 50% in the form of cash-settled rights which will vest after a further deferral of one year.
Participation	The CEO and CFO are eligible to participate in the STI plan.
Performance period	The initial grant will be measured from listing (8 December 2020) to 31 December 2021. Future grants will be measured over a 12-month period.
STI opportunity	The STI opportunities of the senior executives are set out below:

	Level of performance	
	At target	Stretch
Anthony Timbrell	49.87% of Fixed Remuneration	56.67% of Fixed Remuneration
Stephanie Commons	44.0% of Fixed Remuneration	50.0% of Fixed Remuneration

If performance is assessed as below target, no STI award will be paid.

The minimum value of the STI award is nil.

The maximum potential value of the cash component of the STI award that can be paid for the period from IPO to 31 December 2021 is $225,890 for Anthony Timbrell, and $119,589 for Stephanie Commons.

The maximum potential value of the deferred component of the STI award that can be issued for the period from IPO to 31 December 2021 for Anthony Timbrell and Stephanie Commons is equal to the maximum cash STI award for that same period, i.e. $225,890 for Anthony Timbrell, and $119,589 for Stephanie Commons.

Remuneration Report (continued)

STI opportunity (continued)	The deferred STI component will be issued to the senior executives in the form of cash settled security rights for 12 months from grant date. The number of Deferred STI cash settled securities rights issued to senior executives will be determined by dividing the value of the deferred component of the STI award, by the volume weighted average price of Stapled Securities traded on the ASX during the 10 trading days following the release of DBI's 2021 annual results.
Performance conditions	Performance conditions for the STI award relating to the period from IPO to 31 December 2021 include: • financial targets based on EBITDA and distributions (60%); and • non-financial targets relating to strategic priorities, sustainability, people, and culture (40%). In addition, the STI is subject to a gateway hurdle, meaning that for the period from IPO to 31 December 2021, if DBI does not achieve prospectus EBITDA and distribution forecasts, no STI award is payable. After FY2021, it is intended that gateway hurdles will be based on distribution guidance and environmental sustainability performance. A combination of financial and non-financial performance conditions were chosen because the Board believes that there should be a balance between short-term financial measures and more strategic non-financial measures which in the medium to longer term will ultimately drive future growth and returns for securityholders. The financial measures were chosen to provide measurable financial performance criteria strongly linked to securityholder value. Non-financial individual targets are chosen to encourage the achievement of business goals consistent with the Company's overall objectives and strategic growth.
Measurement of performance conditions	Following the end of each financial year, the Governance, Remuneration and Nomination Committee will assess the performance of senior executives against the performance conditions set by the Board and determine the actual level of award for the senior executives for the STI grant and therefore, the cash payment and number of rights to be granted. The Board believes this method is the most efficient and results in the most accurate outcomes.
Delivery of STI awards	STI awards will be granted 50% in cash with the pay run following release of full-year audited results for FY2021, and 50% in the form of cash-settled rights which will vest following a deferral period of 12 months.
Cash-settled rights	Cash-settled rights are a conditional entitlement to receive a cash payment. 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 ('VWAP') of stapled securities traded on the ASX on the exercise date, which is expected to be on the day following the release of the financial results to the ASX in respect of the FY2022 year, 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. If the senior executive does not meet his or her minimum security holding requirement (MSR) at the time of vesting, all or some (as required) of the cash (post-tax) will be utilised to acquire DBI stapled securities on market. The CEO is required to hold 100% of his fixed remuneration and CFO 50% of her fixed remuneration in either Deferred STI or LTI rights or DBI Stapled securities within 5 years from the date of listing. Any cash-settled deferred component of their STI will be used to purchase stapled securities to the extent the MSR has not been met.

Cash-settled rights (continued)	The Company has received external advice that, based on the Company's structure, the use of cash-settled rights is the most cost-effective and appropriate incentive structure. The cash-settled rights related to Deferred STI are not subject to performance-based hurdles. The value of the Deferred STI cash settled rights ultimately received by the senior executive on vesting is determined based the security price of the Company on the date these cash settled rights vest, ensuring that senior executives are incentivised to maximise securityholder return during the period between grant date and vesting date. Rights are granted for nil consideration and no amount is payable on vesting.
Number of rights to be granted	The number of rights to be granted to senior executives is determined by dividing the deferred component of any STI award that they become entitled to receive, by the VWAP of stapled securities traded on the ASX during the 10 trading days following the release of the Group's FY2021 full year results.
Distribution and voting rights	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. Cash-settled rights do not carry voting rights.
Treatment on cessation of employment	Unless the Board determines otherwise: • 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 unvested rights will lapse; or • 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 vested in the ordinary course.
Change of control	The Board may determine that all or a specified number of a senior executive's rights will vest where there is a change of control event in accordance with the Executive Incentive Plan ('EIP') rules.
Clawback and preventing inappropriate benefits	The EIP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

The FY2021 STI vesting and forfeiture outcomes are not yet available as the performance period will end on 31 December 2021. Those outcomes will be disclosed in the 2021 Remuneration Report.

Long-term incentive

Set out below is an explanation of the terms and conditions applying to the LTI awards for senior executives during the Reporting Period.

Overview of the LTI plan	The LTI plan is an 'at-risk' component of senior executive remuneration which is subject to the satisfaction of long-term performance conditions.
Participation	The CEO and CFO are eligible to participate in the LTI plan.
Instrument	Cash-settled rights are a conditional entitlement to receive a cash payment. For each vested and automatically exercised cash-settled right, the participant will be paid an amount equal in value to the VWAP 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.

Remuneration Report (continued)

Instrument (continued)	If a participant has not met their MSR, the net after-tax proceeds from their exercised LTI rights will be used to acquire DBI stapled securities up to the minimum security holding requirement. The Company has received external advice that, based on the Company's structure, the use of cash-settled rights is the most cost-effective and appropriate incentive structure. The LTI cash-settled rights are subject to performance-based hurdles and the value of the award ultimately received by the senior executive on vesting is determined based on performance against these hurdles and the security price of the Company, ensuring that senior executives are incentivised to maximise securityholder return over the long term. Rights are granted for nil consideration and no amount is payable on vesting.
LTI opportunity	The number of rights that will be granted to each senior executive for their FY2021 award will be determined by dividing an amount equivalent to the senior executive's LTI opportunity, which has been determined to be: • 56.67% of the CEO's total fixed remuneration; and • 50.0% of the CFO's total fixed remuneration, by the offer price of $2.57 per stapled security. In future years, it is intended that the number of rights issued to each participant will be determined by dividing the senior executive's LTI opportunity by the VWAP of DBI's stapled security, measured over 10 trading days following the release of DBI's full-year results. The Initial FY2021 LTI award to the CEO and CFO will be granted to participants in March 2021 which is three months after IPO to take advantage of the relief available under ASIC Class Order 14/1000. The minimum value of the Initial FY2021 LTI rights is nil. The value of the Initial FY2021 LTI award that a senior executive will receive in cash will be determined by multiplying the number of Initial FY2021 LTI rights that vest (i.e. the number of Initial FY2021 LTI rights that meet the Performance Conditions over the Performance Period, both of which are outlined below) by the VWAP of stapled securities traded on the ASX on the exercise date. The exercise date for the initial FY2021 LTI rights is expected to be on the day following the release of the financial results to the ASX in respect of the FY2023 year, which is expected to be in February 2024. On the vesting date the senior executive will also receive a cash amount equal to the value of the distributions per stapled security that have been declared by the Board from the listing date to the vesting date for each vested Initial FY2021 LTI right. If the senior executive does not meet his or her MSR at the time of vesting, all or some (as required) of the cash (post-tax) will be utilised to acquire DBI stapled securities on market.
Performance period	The Initial FY2021 LTI grant will be measured from listing (8 December 2020) to 31 December 2023. It is intended that future grants will have a three-year performance period.

Performance condition

Rights will be divided into two equal tranches and tested against the following performance conditions:

- **Tranche 1 (50% of LTI award):** risk adjusted total Securityholder Return (TSR) performance; and
- **Tranche 2 (50% of LTI award):** Discounted Cash Flow (DCF), which is calculated as the net cash flow after operating activities and represents the cash flow available for distribution to securityholders.

Vesting is assessed at the end of the performance period.

Tranche 1

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 (from the day of listing to vesting date).

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.

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%)

Tranche 2

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.

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%)

The risk adjusted TSR performance condition has been chosen as it reflects the Company's performance versus companies in its peer group and is directly linked to securityholder returns. The DCF performance condition has been chosen as it reflects the Company's ability to provide returns to securityholders.

Remuneration Report (continued)

Measurement and testing of Performance Conditions	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. This method allows for an objectively measurable assessment of the company's performance in generating returns for securityholders. To measure the DCF performance condition, cash flow results are extracted by reference to the Company's audited financial statements. The use of audited financial statements ensures the integrity of the measure and alignment with the true financial performance of the Company. 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.
Delivery of LTI awards	The Initial FY2021 LTI rights will vest following measurement against the performance conditions following the release of full-year audited results for FY2023, which is expected to be in February 2024.
Distribution and voting rights	Rights do not carry distribution rights prior to vesting. However, each vested and exercised right entitles the participant to a distribution equivalent payment equal to the value of the distributions per stapled security that has been declared by the Board from the listing date to the vesting date for each vested and exercised right as described above. Rights do not carry voting rights prior to vesting.
Treatment on cessation of employment	Unless the Board determines otherwise: • 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 their unvested rights will lapse; and • 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.
Change of control	The Board may determine that all or a specified number of a senior executive's rights will vest where there is a change of control event in accordance with the EIP rules.
Clawback and preventing inappropriate benefits	The EIP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

Legacy LTI awards

Anthony Timbrell and Stephanie Commons each had vested but unpaid LTI awards under legacy LTI arrangements relating to their employment with a subsidiary company, Dalrymple Bay Infrastructure Management Pty Ltd (DBIM), that was acquired by DBI on its listing on the ASX. In accordance with the terms governing these previous legacy LTI arrangements, on the IPO date, all vested but unpaid amounts became due and payable and were paid in cash to the participants on 15 December 2020. Anthony Timbrell received $784,528, and Stephanie Commons received $318,849. These amounts were disclosed in the Prospectus and were effectively funded by the previous (i.e. pre-IPO) owner/securityholders of the Company. These legacy LTI awards do not form part of the remuneration of the senior executives in the Reporting Period and as such are not disclosed in the remuneration tables presented on page 50 but are presented here for transparency, as the cash amount of these legacy LTI awards were paid to senior executives in cash on 15 December 2020, this date being the next available pay cycle following the Listing date.

IPO bonus

Anthony Timbrell and Stephanie Commons received a one-off cash payment as an IPO bonus. Anthony Timbrell received $250,000, and Stephanie Commons received $120,000. The payments were made to reward Anthony and Stephanie for their efforts in the Company achieving listing on the ASX. These IPO Bonus amounts were disclosed in the Prospectus and were effectively funded by the previous (i.e. pre-IPO) owner/securityholders of the Company. These IPO bonus amounts do not form part of the remuneration of the senior executives in the Reporting Period and as such are not disclosed in the remuneration tables presented on page 50 but are presented here for transparency, as the cash amount of these IPO bonuses were paid to senior executives in cash on 15 December 2020, this date being the next available pay cycle following the Listing date.

Senior executive service agreements

Both senior executives are party to written executive service agreements with DBIM (a subsidiary of DBI). The key terms of these agreements are set out below.

Duration	Ongoing term
Base salary	Anthony Timbrell – $750,000 per annum Fixed Remuneration (which comprises his base salary and is inclusive of superannuation) plus other benefits comprising income-protection insurance and an executive health assessment which have a combined estimated value of $3,600 per annum Stephanie Commons – $450,000 per annum Fixed Remuneration (which comprises her base salary and is inclusive of superannuation) plus other benefits comprising income-protection insurance and an executive health assessment which have a combined value of $3,600 per annum
Periods of notice required to terminate and termination payments	Anthony Timbrell • either party may terminate the contract by giving 12 months' notice • where there is a fundamental change in relation to Anthony's employment, and this is not remedied within a prescribed period, Anthony can give notice and be entitled to receive 12 months fixed remuneration in lieu of notice Stephanie Commons • either party may terminate the contract by giving 6 months' notice The Company may terminate immediately in certain circumstances, including where the relevant senior executive engages in serious or wilful misconduct. If either senior executive's employment terminates as a result of genuine redundancy, they are entitled to receive a severance payment of six (6) months' fixed remuneration, plus one week's total fixed remuneration per year of completed service (capped at 52 weeks), inclusive of any redundancy payments payable in accordance with legislation. They will also be entitled to receive any other payments required to be paid in accordance with legislation, including accrued leave entitlements.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

Principles of non-executive director remuneration

As outlined in section 1, in remunerating non-executive directors, DBI aims to ensure that it can attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the DBI Board;
- fees paid to non-executive directors of other comparable Australian companies; and
- the size and complexity of DBI's operations.

Current fee levels and fee pool

Board fees

The current non-executive director fee pool has been set by DBI at $900,000 per annum.

DBI's annual directors' fees are $200,000 for the Chair and $100,000 for other independent non-executive directors (including superannuation). The Chair does not receive any fees for being a member or chair of a committee.

Directors may be remunerated for reasonable travel and other expenses incurred in attending to DBI's affairs and any additional services outside the scope of Board and Committee duties they provide.

To maintain their independence, non-executive directors do not have any at risk remuneration component. DBI does not pay benefits (other than statutory entitlements) on retirement to non-executive directors.

The nominee non-executive director nominated by Brookfield Infrastructure Partners L.P. **(Brookfield)**, who is currently Bahir Manios, will not be paid any Board fees whilst he is a full-time executive of Brookfield. Bahir's alternate, Jonathon Sellar, will similarly not be paid any Board fees whilst he is a full-time executive of Brookfield.

Committee fees

Other than the Chair of the Board, non-executive directors will also be paid Committee fees of $20,000 (including superannuation) per year for each Board Committee of which they are a Chair, and $10,000 (including superannuation) per year for each Board Committee of which they are a member.

The nominee non-executive director nominated by Brookfield Infrastructure Partners L.P. (Brookfield), who is currently Bahir Manios, will not be paid any Committee fees whilst he is a full-time executive of Brookfield. Bahir's alternate, Jonathon Sellar, will similarly not be paid any Committee fees whilst he is a full-time executive of Brookfield.

4. STATUTORY REMUNERATION DISCLOSURES

Statutory disclosures

The following table sets out the statutory disclosures in accordance with the Accounting Standards for the period 7 August to 31 December 2020 (noting DBI was incorporated on 7 August 2020 and acquired the DBT Entities on 8 December 2020. The DBT Entities comprise Dalrymple Bay Infrastructure Holdings Pty Ltd, Dalrymple Bay Infrastructure Management Pty Ltd, Dalrymple Bay Finance Pty Ltd, Dalrymple Bay Investor Services Pty Ltd (Trustee for the DBT Trust), DBT Trust, BPIRE Pty Ltd (Trustee for the BPI Trust and Brookfield DP Trust), BPI Trust, Brookfield DP Trust, Brookfield Infrastructure Australia Trust, and Dudgeon Point Project Management Pty Ltd).

	Short-term employee benefits			Post-employment benefits	Termination benefits		Security-based payments	
	Cash salary/ fees	Bonuses [1]	Non-monetary benefits [2]	Superannuation benefits	Termination	Other	Rights [3]	Total
David Hamill	$44,311	nil	nil	$4,210	nil	nil	nil	$48,521
Eileen Doyle	$29,624	nil	nil	$2,814	nil	nil	nil	$32,438
Bahir Manios	nil	nil	nil	nil	nil	nil	nil	nil
Bronwyn Morris	$31,451	nil	nil	$2,988	nil	nil	nil	$34,439
Jonathon Sellar	nil	nil	nil	nil	nil	nil	nil	nil
Anthony Timbrell	$46,687	$23,567	$151	nil	nil	nil	$5,418	$75,823
Stephanie Commons	$27,456	$12,477	$221	$388	nil	nil	$2,869	$43,411
Total	**$179,529**	**$36,044**	**$372**	**$10,400**	**nil**	**nil**	**$8,287**	**$234,632**

1. The amounts disclosed as Bonuses during the Reporting Period represents an assessment of the part-year accrual that the Company has made in relating to the senior executive's FY2021 STI entitlement, assuming "at target" performance. The part year FY2021 STI amount reported in the table represents the 24 day period from 8 December 2020 to 31 December 2020
2. The amounts disclosed as non-monetary benefits relate to the cost of providing income-protection insurance and an executive health assessment to senior executives during the Reporting period.
3. The amounts disclosed as Security-based payments/Rights represents the part-year accrual that the company has made relating to the senior executive's FY2021 LTI entitlement for the period from 8 December 2020 to 31 December 2020. As at the date of this report, the rights under Tranche 1 and Tranche 2 of the LTI Plan have not been granted to the senior executives due to administrative reasons. These rights will be granted in due course however, as the service period commences from the IPO date, the value of the rights at the date of IPO and at 31 December 2020 have been determined to estimate the expense for the period ending 31 December 2020. The value of rights granted to the senior executives under Tranche 1 of the LTI Plan is measured using a Monte Carlo simulation model. The value of rights granted to the senior executives under Tranche 2 of the LTI Plan is based on the security price at the date of the IPO and at 31 December 2020 assuming "at target" performance.

LTI at 31 December 2020

The table below shows the details for the grants made under the LTI plan which are yet to vest, including the number of instruments granted, the years in which they may vest, and the fair value recognised.

Accounting standards require the estimated valuation of the grants recognised over the performance period. The minimum value of the grant is nil if the vesting conditions are not met. The maximum value is based on the estimated fair value calculated at the time of the grant, amortised in accordance with the accounting standard requirements.

A liability is measured at the fair value of the Rights at the grant date. The fair value determined at the grant date is expensed on a straight-line basis in the profit or loss over the vesting period, there is no subsequent re-measurement of fair value until the date of settlement.

Remuneration Report (continued)

KMP	Grant date [1]	Number of rights Granted No.	Fair Value at Grant Date $/cps	Fair Value at 31 December 2020 $/cps	LTI Expense in 2020	Vesting Date
Anthony Timbrell	8 December 2020	88,127	1.47	0.78	1,468	31 December 2023
Anthony Timbrell	8 December 2020	88,127	2.57	2.09	3,950	31 December 2023
Stephanie Commons	8 December 2020	46,653	1.47	0.78	777	31 December 2023
Stephanie Commons	8 December 2020	46,653	2.57	2.09	2,092	31 December 2023
		269,560			**8,287**	

1. The Initial FY2021 LTI award to the CEO and CFO will be granted to participants in March 2021 which is three months after IPO in order to take advantage of the relief available under ASIC Class Order 14/1000. The FY2021 LTI award rights will be issued to CEO and CFO using the IPO price on 8 December 2020 and will therefore have the effect of being granted on the IPO date of 8 December 2020.

KMP security holdings

The following table outlines the movements in KMP security holdings (including their related parties) for the Reporting Period.

	Held at listing date [1]	Received on vesting of LTI	Received on vesting of STI	Received as remuneration	Other net change	Held at 31 December 2020	Held nominally at 31 December 2020
Non-executive directors							
David Hamill	39,000	nil	nil	nil	nil	39,000	nil
Eileen Doyle	72,000	nil	nil	nil	nil	72,000	nil
Bahir Manios	nil	nil	nil	nil	nil	nil	nil
Bronwyn Morris	39,000	nil	nil	nil	nil	39,000	nil
Jonathon Sellar	nil	nil	nil	nil	nil	nil	nil
Senior executives							
Anthony Timbrell	nil	nil	nil	nil	nil	nil	nil
Stephanie Commons	2,000	nil	nil	nil	nil	2,000	nil

1. As none of the KMP held securities between incorporation and listing, only the securities held at listing date have been reported.

5. TRANSACTIONS WITH KMP

Loans with senior executives and non-executive directors

There were no loans outstanding to any senior executive or any non-executive director or their related parties, at any time in the Reporting Period.

Other KMP transactions

Apart from the details disclosed in this Report, no senior executive or non-executive director or their related parties have entered into a transaction with the Group since listing and there were no transactions involving those people's interests existing at year-end.

Directors' Report

1.23 Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the period are included in note 26. The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence, based on advice received from the Finance and Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

1.24 Auditor's independence declaration

The auditor's independence declaration is included on page 53 of the financial report.

1.25 Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors of the Company made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Hon Dr David Hamill AM
Chairman

Brisbane, 26 February 2021

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Tel: +61 7 3308 7000
www.deloitte.com.au

26 Februray 2021

The Board of Directors
Dalrymple Bay Infrastructure Limited
Level 15, Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Dear Board Members,

Auditor's Independence Declaration to Dalrymple Bay Infrastructure Limited

In accordance with section 307C of the Corporations Act 2001, we are pleased to provide the following declaration of independence to the directors of Dalrymple Bay Infrastructure Limited.

As lead audit partners for the audit of the financial report of Dalrymple Bay Infrastructure Limited for the period ended 31 December 2020, we declare that to the best of our knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling	**Yvonne van Wijk**
Partner	Partner
Chartered Accountant	Chartered Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period From Incorporation on 7 August 2020 to 31 December 2020

		Consolidated
	Note	Dec 2020 $'000
Revenue from contracts with customers	5	23,446
Other income	5	23
Total income		23,469
Depreciation and amortisation charge	8	(2,471)
Finance costs	7	(5,702)
Operating and management (handling) charges	5	(10,425)
IPO Transaction Costs	30	(129,334)
Other expenses	8	(2,064)
Total expenses		(149,996)
Loss before income tax expense		**(126,527)**
Income tax benefit	9(a)	13,319
Loss for the period		**(113,208)**
Loss for the period is attributable to:		
Owners of the Company		(113,208)
Loss for the period		**(113,208)**
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to profit or loss:		
Loss on cash flow hedges taken to equity	19	(16,978)
Loss on cash flow hedges transferred to loss	19	11,159
Income tax benefit relating to components of other comprehensive income	9(b)	1,745
Other comprehensive loss for the period		(4,074)
Total comprehensive loss for the period		**(117,282)**
Comprehensive loss for the period is attributable to:		
Owners of the Company		(117,282)
Total comprehensive loss for the period		(117,282)

		Dollars
Loss per security from continuing operations attributable to the ordinary equity holders of the company:		
Basic and diluted loss per security	27	**(0.23)**

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	Dec 2020 $'000
CURRENT ASSETS		
Cash and cash equivalents		139,135
Trade and other receivables	10	45,305
Prepayments		3,678
Total current assets		**188,118**
NON-CURRENT ASSETS		
Other financial assets	11	263,256
Intangible assets	12	3,110,150
Right-of-use asset		449
Property, plant & equipment		8
Total non-current assets		3,373,863
Total assets		**3,561,981**
CURRENT LIABILITIES		
Trade and other payables	13	157,233
Borrowings	14	33,000
Lease liabilities		246
Other financial liabilities	16	14,619
Deferred capital contribution	17	132,432
Employee provisions		1,411
Total current liabilities		**338,941**
NON-CURRENT LIABILITIES		
Borrowings	14	2,006,539
Loan note attributable to securityholders	15	252,649
Lease liabilities		212
Other financial liabilities	16	64,658
Deferred tax liabilities	9 (d)	28,436
Employee provisions		612
Total non-current liabilities		2,353,106
Total liabilities		**2,692,047**
Net assets		**869,934**
EQUITY		
Issued capital	18	987,216
Hedge reserve	19	(4,074)
Accumulated losses	20	(113,208)
Total equity		**869,934**

Consolidated Statement of Changes in Equity

For the Period From Incorporation on 7 August 2020 to 31 December 2020

	Note	Issued Capital $'000	Hedge reserve $'000	Accumulated Losses $'000	Total $'000
Balance at 7 August 2020 [1]					
Loss for the period	–	–	–	(113,208)	(113,208)
Amounts recognised in the current period	19	–	(5,819)	–	(5,819)
Income tax relating to components of other comprehensive income	9(b)	–	1,745	–	1,745
Total comprehensive loss for the period		**–**	**(4,074)**	**(113,208)**	**(117,282)**
Stapled securities issued in DBI	18	1,032,852	–	–	1,032,852
Cost of security issued	18	(2,135)	–	–	(2,135)
Income tax relating to movements in equity	9 (c)	(43,501)	–	–	(43,501)
Payment of distributions	–	–	–	–	–
Total equity at 31 December 2020	**–**	**987,216**	**(4,074)**	**(113,208)**	**869,934**

1. The Company was incorporated on 7 August 2020.

Consolidated Statement of Cash Flows

For the Period From Incorporation on 7 August 2020 to 31 December 2020

	Note	Dec 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers		39,706
Payments to suppliers and employees		(10,532)
Payments of IPO Transaction Costs		(19,340)
Interest received		23
Interest and other costs of finance paid		(13,465)
Net cash used in operating activities	28(a)	(3,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for additions to intangibles		(1,649)
Payment for asset acquisition, net of cash acquired	28(d), 30	(575,211)
Net cash used in investing activities		(576,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	14	37,000
Repayment of borrowings	14	(600,000)
Loan establishment costs paid		(964)
Principal element of lease payments		(12)
Cost of securities issued		(2,135)
Proceeds from issue of stapled securities	18, 30	1,032,852
Proceeds from issue of loan notes to securityholders	15, 18	252,862
Net cash provided by financing activities	28(b)	719,603
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		139,135
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		139,135

Notes to the Consolidated Financial Statements

For the Period From Incorporation on 7 August 2020 to 31 December 2020

1. General Information

The addresses of the Group's registered office and principal place of business are as follows:

Level 15, Waterfront Place
1 Eagle Street
Brisbane, Queensland 4000 Australia
Telephone: (07) 3002 3100

DBI was incorporated on 7 August 2020. On 8 December 2020, the Company used capital raised via an Initial Public Offering ('IPO') to acquire the DBT Entities. As a result, the Group owns the lease of, and right to operate the Dalrymple Bay terminal, the world's largest coal export metallurgical coal facility which is located proximate to the Bowen Basin in Queensland. The DBT Entities were acquired from subsidiaries of Brookfield and co-investors (the 'Selling Entities'). Post the IPO, Brookfield, via a subsidiary, holds 49% of DBI's stapled securities.

The right to use the terminal is accounted for as an intangible asset in accordance with the Australian Accounting Standard's requirements for service concession accounting.

2. Adoption of New and Revised Accounting Standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operation and effective for the current reporting period.

Details of the Standards and Interpretations adopted in these Financial Statements that have had an impact on the amounts reported are set out in note 2(a).

a) Standards and Interpretations adopted that impacted the Financial Statements

Standard	Effective for annual reporting periods beginning on or after	Impact
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020	The Group adopted AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* and used it for guidance in accounting for the asset acquisition, in particular the asset concentration test. Refer note 4 and 30.

Standard	Effective for annual reporting periods beginning on or after	Impact
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020	The Group adopted AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* (AASB 2019-3) effective from 1 January 2020. AASB 2019-3 makes amendments to AASB 9, AASB 139 and AASB 7 which allows the Group to apply certain exceptions to the standard hedging requirements in respect of hedge relationships that are impacted by a market wide interest rate benchmark reform. One of the interest rate benchmark reforms that this amendment currently applies to is the planned discontinuation of the London Interbank Offered Rate (LIBOR) and replacement with alternative Risk-Free Rate (RFR) on 31 December 2021. The Group has performed an assessment of exposure linked to LIBOR and have not identified: • any debt instruments directly linked or referenced to LIBOR as all offshore bonds issued are issued in fixed rate; or • any Cross Currency Interest Rate Swaps (CCIRS) directly linked to LIBOR as these instruments swap the fixed rate USD denominated debt to floating BBSW interest rate. Despite not having any direct LIBOR linked debt or swap instruments, the Group has designated derivative hedging instruments in hedge accounting relationships against the fair value exposure of the Group's USD fixed rate debt associated with changes in USD-LIBOR 3m benchmark interest rates. Furthermore, the valuations of CCIRS hedging instruments are based on USD-LIBOR swap rates which will be impacted upon discontinuation and replacement. The aggregate notional volume of CCIRS designated in hedge accounting relationship impacted by the transition is USD 887m at 31 December 2020. The Group's treasury and legal teams are working closely with banks/swap counterparties to understand the process of replacing the USD-LIBOR with replacement RFR and implications on the pricing and valuation of existing hedging instruments.

b) Standards and Interpretations in issue not yet effective that are not expected to have any impact on the Financial Statements

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*	1 January 2023	31 December 2023

3. Significant Accounting Policies

These Financial Statements are General Purpose Financial Statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations and other requirements of the law.

The Financial Statements comprise the consolidated Financial Statements of the Group. For the purposes of preparing the consolidated financial statements the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The Financial Statements were authorised for issue by the Directors on 26 February 2021.

These Financial Statements cover the period from 7 August 2020 to 31 December 2020. As the Company was only incorporated on 7 August 2020, there are no comparatives. There were no material transactions between the date of incorporation and 8 December 2020 when the Company listed on the ASX and acquired the DBT Entities.

The consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2 *Share-based Payments*, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is a company of the kind referred to in Australian Securities and Investment Commission (ASIC) Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

a) Going concern

The financial statements have been prepared on the basis that the Group is a going concern, able to realise its assets in the ordinary course of business and settle liabilities as and when they fall due.

As at 31 December 2020, the Group's current liabilities exceeded its current assets by $151 million primarily due to the inclusion of a $132 million deferred capital contribution which has been classified as a current liability (See note 17 for details). This capital contribution amount has been provided to the Group by the Selling Entities for the purpose of settling the IPO transaction costs (the major portion of which represent estimates). When all IPO Transaction Costs have been settled, this deferred capital contribution will be reclassified to equity as a capital contribution.

The Group generated positive operating cashflows (after excluding IPO transaction costs settled) in the period ended 31 December 2020 and has modelled positive cashflows for the next 12 months. After consideration of these cashflow forecasts and the facilities available to the Group, should they be needed, the Directors have assessed that the Group will be able to settle its obligations over that period and furthermore make the planned distributions.

The Directors are therefore of the opinion that the preparation of the financial statements as a going concern is appropriate.

b) Basis of consolidation

The consolidated Financial Statements incorporate the assets and liabilities of all subsidiaries of DBI as at 31 December 2020 and the results of all subsidiaries for the period then ended.

Control of a subsidiary is achieved where the Company 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 the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

c) Intangible assets

The Group's principal asset is its lease of and right to use the Dalrymple Bay terminal. This asset is considered to be a Service Concession Arrangement which should be accounted as a service concession asset under Interpretation 12 *Service Concession Arrangements* (Interpretation 12) and not as a lease under AASB 16 *Leases*. A service concession arrangement exists when a government (grantor) contracts with a private operator to operate and maintain the grantor's infrastructure assets and the grantor controls or regulates what services the operator must provide and at what price. Management has determined that the service concession asset is an intangible asset as the Group has the right to charge its customers for their use of the terminal.

The cost of the service concession intangible asset is determined by allocating the total consideration paid to the individual identifiable assets and liabilities acquired on the basis of their relative fair values at the date of purchase. Refer to Note 30. After initial recognition, the intangible asset is recorded at cost, less accumulated amortisation and accumulated impairment losses under AASB 138 *Intangible Assets*.

The intangible asset is being amortised over the total lease period available to the Group (99 years from September 2001 to September 2100). At the time DBI purchased the asset, there were 80 years remaining on the lease period. The total lease period comprises a 50-year lease with an option for a 49-year extension.

Amortisation is recognised on a straight-line basis over its estimated useful life. 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.

Costs incurred on 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.

d) Impairment of long-lived assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its' carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. These are measured at amortised cost.

g) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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.

Information relating to the long-term employee share scheme is set out in the remuneration report.

h) Financial assets

Recognition, initial measurement and derecognition

Financial assets are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price in accordance with AASB 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Classification and subsequent measurement of financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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 ('FVPL')):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- 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

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified at amortised cost.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

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. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements (continued)

Impairment of Financial assets

AASB 9 *Financial Instruments'* impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of these impairment requirements include loans and other debt-type financial assets measured at amortised cost and fair value though other comprehensive income ('FVOCI'), trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk has increased significantly ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Trade and other receivables and contract assets

The Group 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, the Group uses its historical credit loss experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

i) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method. 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.

After initial recognition for those interest-bearing borrowings where fair value hedge accounting is applied, the borrowings are adjusted for gains and losses attributable to the risk being hedged.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

k) Derivative financial instruments

The Group 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. These have been classified as financial assets and financial liabilities. Further details of derivative financial instruments are disclosed in note 29.

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. The Group includes a credit value adjustment which represents credit risk in the valuations for the current period. The resulting gain or loss is recognised in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities of 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

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The acquisition required new hedge accounting relationships to be established for all hedge assets and liabilities at the DBI Group level immediately post acquisition.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Note 29 sets out details of the fair values or the derivative instruments used for hedging purposes.

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.

The Group 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.

l) 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 period. 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. The Group'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 the Group or that have a different tax consequence at the level of the Group.

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 tax consolidated group that do not give rise to a tax consequence for the Group or that have a different tax consequence at the level of the Group.

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 the Company 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 Consolidated Group

The Company and its subsidiaries are members of a tax-consolidated group under Australian tax law. The head entity within the tax-consolidated group is Dalrymple Bay Infrastructure Limited (DBI).

Amounts payable or receivable under the tax-funding arrangement between the Company and the entities in the tax-consolidated group are determined using a 'separate taxpayer within group' approach to determine the tax contribution amounts payable or receivable by each member of the tax-consolidated group. This approach results in the tax effect of transactions being recognised in the legal entity where that transaction occurred. The same basis is used for tax allocation within the tax-consolidated group.

m) Goods and services tax

Revenues, expenses, liabilities and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 (refer to note 4 for further detail).

o) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.

p) Revenue

The Group recognises revenue through the following revenue streams:

- Terminal Infrastructure Charges (TIC) for providing access to the terminal, charged based on contracted capacity on a take-or-pay basis; and
- Handling charges for operating the terminal (at contracted capacity) and providing services to the users to enable the coal to move through the terminal and loaded onto a vessel. Handling charges are calculated based on the costs charged to the Group by the operator of the terminal then on-charged to customers. The Group invoices the customers an estimate based on the budget throughout a 12-month period finishing on 30 June. After the 12 months period has been completed and actual costs are then known, adjustments to the amount invoiced are then made. During the 12 months, any differences between costs and revenue are accrued within the accounts. The Group is not considered to be acting as an agent for the operator of the terminal and the revenue and the handling cost are presented as gross in the financial statements.

Both revenue streams are recognised over time.

q) Stapled securities

DBI classifies its stapled securities issued as part of the IPO as compound financial instruments. The component parts of stapled securities issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue of the stapled securities, the fair value of the liability component, in this case the Loan Note attributable to securityholders, is estimated using the prevailing market interest rate for a similar instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method with finance costs recognised through profit and loss until extinguished upon redemption.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently remeasured.

r) IPO transaction costs

Transaction costs arising on the issue of stapled securities, including the Loan Notes, are recognised directly in either debt or equity as a reduction of the proceeds of the stapled securities to which the costs relate. IPO Transaction Costs are the costs that are incurred directly in connection with the issue of those stapled securities and which would not have been incurred had those stapled securities not been issued.

All other transaction costs are included in profit or loss.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Group's accounting policies, as described in note 1, the Directors are required to make certain 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, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. 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 these Financial Statements are outlined below:

Asset acquisition

On 8 December 2020, DBI acquired the DBT Entities with proceeds from its IPO. The Directors have elected to apply the optional concentration test allowed under AASB 3 *Business Combinations* (AASB 3) to determine whether the transaction can be accounted for as an asset acquisition. As substantially all of the fair value of the gross assets acquired is concentrated in the service concession arrangement accounted for as an intangible asset, the Directors have determined it is appropriate to account for the transaction as an asset acquisition. Refer note 30 for the impact on the financial statements.

As part of the transaction, the Selling Entities have committed to funding the IPO Transaction Costs. A deferred capital contribution of $132 million has been received by DBI to meet these costs and this deferred capital contribution as at 31 December 2020 recorded as a current liability. The IPO Transactions Costs, which include an amount for stamp duty, have been recorded as expenses with a corresponding accrual for those costs which have not yet been paid. The final amounts are expected to be settled within 12 months. DBI will return any funds not required to settle the IPO Transaction Costs and conversely will receive extra funding should the $132 million not be sufficient. Once finalised, the current liability (i.e. the deferred capital contribution) will be transferred to equity as a capital contribution.

Notes to the Consolidated Financial Statements (continued)

Deferred tax arising on the asset acquisition

Deferred tax arising on the acquisition of the DBT entities, and the subsequent formation of the tax consolidation group, is considered to relate to temporary differences that give rise to no accounting or taxable profit. As such, deferred tax is not recognised under the initial recognition exemption.

Furthermore, subsequent changes to the unrecognised deferred tax are not recorded.

Intangible assets with finite lives and impairment

The lease renewal for the terminal (which is accounted for as a service concession intangible asset) is at the discretion of the Group, and the Directors have determined that it is highly probable that the terminal lease underpinning the service concession arrangement will be renewed for a further 49 years in 2050. This is on the basis that the cost of renewal is not significant when compared to the economic benefits that are expected to flow to the Group if the lease is renewed. Accordingly, the intangible asset recognised as a result of the service concession arrangement is amortised over the remaining lease period of 80 years.

Asset retirement obligations

As disclosed in note 22, DBI may be required to rehabilitate the terminal under certain conditions. The Directors have assessed that no provision for rehabilitation is required in the financial statements as at 31 December 2020. The position is based on the judgement that it is not probable that economic outflows will occur in relation to this matter, after consideration of the following factors:

- No triggering event requiring remediation has occurred as at 31 December 2020. That is, the lessor has not to date notified DBI of an obligation to rehabilitate the leased area under the Port Services Agreement (PSA), there has been no default and DBI has not, nor does it intend to, surrender the lease.
- The probability of potential remediation and rehabilitation are influenced by a range of complex factors. The Directors note the current 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.
- Independent studies indicate extensive metallurgical coal reserves in the Bowen Basin and the anticipated ongoing and increasing demand for metallurgical coal, implying continued economic life at the end of the full lease term of the terminal.
- Although there is a risk that the lessor may notify DBI of its obligation to rehabilitate the leased area in the future, the nature of rehabilitation requirements is currently unknown. DBI's current intention is to exercise the extension option and therefore any potential rehabilitation obligation may only occur in the lead up to 2100, if at all.

The Directors consider the nature of DBI's obligations for rehabilitation and remediation to be that of a contingent liability. Please refer to note 22.

AASB13 – *Fair Value Measurement*

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Further information on the carrying amounts of these assets and the sensitivity of those amounts to changes in inputs are provided in note 29.

5. Revenue

The Group derives its revenue from contracts with customers for the transfer of services over time. The Group generates revenue from users through the following access charges:

- TIC levied per tonne of contracted capacity on a take-or-pay basis; and
- a handling charge which consists of:
  - a fixed handling charge, levied per tonne of contracted capacity; and
  - a variable handling charge, levied based on actual use.

The handling charge represents the costs of terminal operations and maintenance costs that are charged to the users of the terminal. The net contribution of handling charges to DBI's cash flow is nil.

An analysis of the Group's revenue for the period is as follows:

	Consolidated Dec 2020 $'000
Revenue from contracts with customers:	
Revenue from rendering of services – terminal infrastructure charge	13,021
Revenue from rendering of services – handling charges	10,425
	23,446
Interest income:	
Bank deposits	23
	23,469

6. Segment Information

The Group has one primary business and operates in one geographical region – Australia. Its principal activity is the provision of capacity to independent customers to ship coal through the Dalrymple Bay Coal Terminal located at the Port of Hay Point, south of Mackay in Queensland, Australia.

There are currently 17 mines that utilise the terminal. Six of the users account for approximately 90% of the contracted tonnage at year end.

7. Finance Costs

	Consolidated Dec 2020 $'000
a) Finance costs	
Loss for the period has been arrived at after charging the following finance costs:	
Interest on borrowings	6,457
Other finance costs	(1,089)
Interest expense on Loan Notes attributable to securityholders	745
	6,113
b) Hedging Costs	
Hedge ineffectiveness	(411)
	5,702

1. Includes adjustments to effective interest in relation to the fair value adjustments resulting from the asset acquisition.

8. Loss for the Period

	Consolidated Dec 2020 $'000
Expenses	
Loss for the period has been arrived at after charging the following expenses:	
Employee benefits	579
Other operating expenses	1,485
	2,064
Depreciation of non-current assets	15
Amortisation of non-current assets (note 12)	2,456
	2,471

9. Income Taxes

On 11 December 2020, the Group formed a Tax Consolidated Group (TCG). DBI is the head company of the TCG and it owns 100% of the shares and units in the DBT Entities.

	Consolidated Dec 2020 $'000
a) Income tax recognised in profit or loss	
Tax expense comprises:	
Current tax expense	-
Deferred tax expense relating to the origination and reversal of temporary differences	(13,319)
Total tax benefit	(13,319)
Income tax on pre-tax accounting loss reconciles to tax expense as follows:	
Loss for the period	(126,527)
Income tax benefit calculated at 30% [1]	(37,959)
Non-deductible expenditure and other permanent differences	24,338
Difference in depreciation rates between tax and accounting	302
	(13,319)
Income tax benefit recognised in profit or loss	**(13,319)**
b) Income tax recognised directly in other comprehensive income	
Deferred tax arising on income and expenses recognised in other comprehensive income:	
Loss on revaluation of financial instruments treated as cash flow hedges	(1,745)
Total income tax benefit recognised directly in other comprehensive income	(1,745)
c) Income tax recognised in equity	
Deferred tax arising on items recognised in other equity:	
Transaction costs	(640)
Initial recognition of Loan Notes	44,141
Total income tax benefit recognised directly in equity	43,501
d) Deferred Tax	
Total deferred tax assets attributable to temporary differences	
Deferred tax liability	(32,831)
Deferred tax asset	4,395
Disclosed in the statements as deferred tax liability	(28,436)

1 The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Notes to the Consolidated Financial Statements (continued)

At the reporting date, the group has unused tax losses of $4.4 million available for offset against future profits. A deferred tax asset has been recognised in respect of the $4.4 million on such losses as it is probable that there will be future taxable profits available.

e) Reconciliation of deferred tax balances

The following are the major deferred tax liabilities and assets recognised by the Group and movement thereon during the current period.

	Opening Balance $'000	(Charged)/ credited to income statement $'000	(Charged)/ credited to OCI $'000	(Charged)/ credited to equity $'000	Closing balance $'000
Tax losses	–	4,395			4,395
Intangible asset	–	(904)			(904)
Compound financial instrument	–	223	–	(44,141)	(43,918)
Future tax deductions	–	7,713			7,713
Provisions/accruals	–	2,016			2,016
Reserves	–	(123)	1,745	640	2,262
Total	**–**	**13,319**	**1,745**	**(43,501)**	**(28,436)**

10. Trade and Other Receivables

	Consolidated
	Dec 2020 $'000
Current	
Trade receivables	42,034
Interest receivable	195
Other receivables	3,076
	45,305

The average credit period on invoices is 30 days. No interest has been charged on outstanding trade receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The ECL has been assessed as $nil. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

	Consolidated Dec 2020 $'000
Ageing of Trade receivables:	
Current	41,026
Past due but not impaired – 0 to 30 days	1,008
Past due but not impaired – 30 to 60 days	–
Past due but not impaired – 60 to 90 days	–
	42,034

11. Other Financial Assets

	Consolidated Dec 2020 $'000
Derivatives	
Non-current:	
Cross currency interest rate swaps [1]	216,591
Interest rate swaps [1]	10,169
	226,760
Other financial assets	
Non-current:	
Debt Service Reserve deposit – at amortised cost [2]	36,000
Other secure deposits	496
	36,496
	263,256

1. Refer to note 29 for further details on Financial Instruments.
2. The Debt Service Reserve deposit is interest-bearing and is held in accordance with the DB Finance Deed of Common Provisions. At 31 December 2020 the average interest rate is 0.85%.

12. Intangible Assets

	Consolidated
	Dec 2020 $'000
GROSS CARRYING AMOUNT:	
Concession arrangements:	
Balance at beginning of period	–
Addition as a result of the asset acquisition [1] (note 30)	3,111,349
Additions	1,257
Balance at end of reporting period	3,112,606
Accumulated amortisation:	
Balance at beginning of period	–
Amortisation expense (note 8)	2,456
Balance at end of reporting period	2,456
NET BOOK VALUE:	
As at end of reporting period	**3,110,150**

1. On 8 December DBI acquired the DBT Entities and as a result recorded the terminal lease as a service concession intangible asset at cost. Refer to note 30 for further details.

The Group recognises an intangible asset arising from a service concession arrangement at cost, which at the IPO was the cost to DBI to purchase the asset.

Intangible assets recognised under Interpretation 12 are amortised over the total lease period available to the DBI (80 years from December 2020 to September 2100). The total lease period available comprises a 50-year lease (which commenced in September 2001) with an option for a 49-year extension.

At 31 December 2020, the Group reviewed the carrying amount of its intangible asset to determine whether there were any indicators of impairment loss. Both internal and external sources of information were considered. As a result of take-or-pay contracts with customers, the Group has not been impacted by the COVID-19 pandemic during the reporting period.

13. Trade and Other Payables

	Consolidated
	Dec 2020 $'000
Current:	
Trade payables [1]	42,325
Other payables [2]	109,994
Interest payable	4,914
	157,233

1. The average credit period on purchases of goods and services is 30 days. No interest is incurred on trade creditors. Trade payables are measured at amortised cost.
2. Other payables are the accrued IPO Transaction Costs (including the stamp duty estimate). Funds for these costs have been provided by the Selling Entities. Refer to note 4 and 30 for more details.

14. Borrowings

	Consolidated		
	Current $'000	Non-Current $'000	Total $'000
Secured – at amortised cost			
Bank loans [1]	33,000	310,551	343,551
Guaranteed Notes [2]	–	85,719	85,719
USPP Fixed Rate Notes [3,4]	–	1,610,269	1,610,269
	33,000	2,006,539	2,039,539

1. The Group has the following bank loans:
   - $200 million Revolving Facility was established in June 2018 with a 4-year term. The facility was drawn to $33 million at 31 December 2020. A repayment of $150 million was made on this facility during the reporting period using funds raised from the IPO. $4 million was subsequently drawn during the reporting period. Interest is payable on the facility at a margin of 1.40% over BBSY.
   - $60 million Liquidity Facility was established in September 2019. This facility is being used to meet working capital requirements. It was drawn to $33 million as at 31 December 2020 and these funds were drawn during the reporting period. Interest is payable on the facility at a margin of 1.15% over BBSY and the facility matures on 20 September 2022.
   - $300 million Revolving Bank Facility was established in April 2020. This facility has 3 tranches. Tranche A $60 million at margin of 1.25% over BBSW maturing February 2023, Tranche B $90 million at margin of 1.40% over BBSW maturing February 2024, and Tranche C $150 million at margin 1.55% over BBSW maturing February 2025. Each of the tranches has an interest rate floor of 0%. The facility was drawn to $280 million at 31 December 2020. $20 million had been repaid during the period using funds raised from the IPO.
2. The Group has the following Guaranteed Notes on issue:
   - $100 million floating rate notes at BBSW + 0.37% maturing in June 2026. This note is covered by a commercial guarantee provided by Assured Guaranty Ltd.
3. The Group repaid the following Guaranteed Notes during the period:
   - $230 million floating rate notes at BBSW + 0.30% maturing in June 2021
   - $200 million of floating rate notes at BBSW + 0.29% maturing in December 2022
4. The Group has the following fixed rate US private placement notes (USPP) on issue:
   - $USD300 million of fixed rate notes at 5.57% maturing in March 2023.
   - $USD260 million of fixed rate notes at 3.84% maturing in September 2024.
   - A$75 million of fixed rate notes at 6.34% maturing in September 2024.
   - $USD327 million of fixed rate notes split into 3 tranches: Series A $USD105 million fixed at 3.82% maturing December 2027; Series B $USD182 million fixed at 4.187% maturing December 2030; and Series C $USD40 million fixed at 4.52% maturing December 2032.
   - $317 million of fixed rate notes split into 3 tranches: Series D $A35 million fixed at 4.146% maturing December 2027; Series E $A159 million fixed at 4.643% maturing December 2030; and Series F $A122 million fixed at 4.869% maturing December 2032.

The carrying value of the debt is adjusted for movements in the underlying currency (US dollar) and fair value movements under AASB 13 *Fair Value Measurement* as a result of the hedging relationship of $1 million at 31 December 2020 and fair value on acquisition of $48 million at 31 December 2020.

As at 31 December 2020, the average interest rate on the AUD notes was 2.39% and the USD notes was 4.29%.

These secured external borrowings have the benefit of the DB Finance Deed of Common Provisions, and rank pari passu with all other senior secured debt of the Group. These borrowings are secured over:

- units and shares held in DBT Trust and DBIM (Guarantors);
- fixed and floating charge over all the assets of DB Finance Pty Ltd and Guarantors; and
- real property mortgages granted by the Guarantors.

15. Loan Notes Attributable to Securityholders

On 8 December 2020, stapled securities were issued to securityholders. The Loan Note issued as part of the stapled security is a non-interest-bearing unsecured loan note maturing on 30 September 2030, with a face value of $400 million.

As the Loan Notes are non-interest bearing, the Loan Notes have been recorded at fair value on initial recognition using market-based rate of 4.69%. As a result, the carrying amount (which is equal to the present value of the future contractual repayments) is less than the face value of the Loan Notes. The difference between the carrying value and the face value on initial recognition of $147 million is recognised in equity and will subsequently be unwound and recorded as finance costs in the profit or loss. The difference recognised in equity was tax effected as the initial recognition exemption does not apply.

While the Loan Notes rank senior to Ordinary Shares, they 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.

	Consolidated
	Dec 2020 $'000
Balance at beginning of the period	–
Issue of Loan Notes to securityholders	252,862
Less: Issue costs associated with Loan Notes	(958)
Interest expense	745
	252,649

16. Other Financial Liabilities

	Consolidated Dec 2020 $'000
Derivatives	
Current	
Cross currency interest rate swaps – designated and effective hedging instruments [1]	14,619
	14,619
Non-current:	
Cross currency interest rate swaps – designated and effective hedging instruments [1]	7,316
Interest rate swaps – designated and effective hedging instruments [1]	57,342
	64,658
	79,277

1. Refer to Note 29 for further details on Financial Instruments.

17. Deferred Capital Contribution

As detailed in note 30, DBI withheld $132 million from the settlement of the acquisition to cover IPO Transaction Costs as per the sale and purchase agreement. These IPO Transaction Costs include an estimate for stamp duty.

18. Issued Capital

	Dec 2020 $'000
500,277,934 fully paid stapled securities	1,285,714
Loan Notes attributable to securityholders (refer note 15)	(252,862)
Income tax relating to the Loan Note	(44,141)
Cost of securities issued	(2,135)
Income tax relating to cost of securities issued	640
	987,216

19. Hedge Reserves

	Consolidated
	Dec 2020 $'000
Hedge reserve	
Balance at the beginning of the period	–
Loss on cash flow hedges taken to equity	(16,978)
Income tax related to amounts taken to equity	5,093
Loss on cash flow hedges transferred to profit or loss	11,159
Income tax related to amounts transferred to profit or loss	(3,348)
	(4,074)

The hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative gain or loss on the hedge is recognised in profit or loss when the hedged transaction impacts the profit or loss.

20. Accumulated Losses

	Dec 2020 $'000
Balance at the beginning of the period	–
Net loss for the period	(113,208)
Dividends paid	–
Balance at the end of the period	**(113,208)**

21. Capital Expenditure Commitments

	Consolidated
	Dec 2020 $'000
Intangible assets	
Not longer than one year	35,782
Longer than one year and not longer than five years	3,911
Longer than five years	–
	39,693

22. Contingent Assets and Liabilities

Contingent Asset

There are no known or material contingent assets as at 31 December 2020.

Contingent Liability

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 would reflect a present obligation based on the area disturbed at the balance sheet date, under DBI's obligations under the PSA.

Estimates for future restoration 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 on the assets is recorded in the Statement of Profit & Loss and Other Comprehensive Income. Typically, restoration and rehabilitation involve restoring a 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 determined there is a contingent liability in respect of the Group's obligations under the PSA to rehabilitate the terminal at the expiry of the long-term lease but do not currently believe that economic outflows are probable.

For the purposes of calculating a remediation allowance as part of DBIM's revenues under the Building Blocks methodology, the Queensland Competition Authority has (as part of the draft decision in relation to the 2019 DAU on the 26 August 2020) provided an estimate for the rehabilitation of the terminal of $814m (in 2020 dollars), assuming a full rehabilitation where the land is returned to its natural state.

Notes to the Consolidated Financial Statements (continued)

23. Subsidiaries

Name of entity	Country of incorporation	Ownership interest Dec 2020 %
Parent entity:		
Dalrymple Bay Infrastructure Limited	Australia	
Subsidiaries:		
Dalrymple Bay Infrastructure Holdings Pty Ltd	Australia	100
Dalrymple Bay Infrastructure Management Pty Ltd	Australia	100
Dalrymple Bay Finance Pty Ltd	Australia	100
Dalrymple Bay Investor Services Pty Ltd	Australia	100
DBT Trust	Australia	100
BPIRE Pty Ltd	Australia	100
BPI Trust	Australia	100
Brookfield Infrastructure Australia Trust	Australia	100
Brookfield DP Trust	Australia	100
Dudgeon Point Project Management Pty Ltd	Australia	100

DBIM, DB Finance and DBT Trust are the main entities conducting the business of DBI.

24. Key Management Personnel (KMP) Compensation

The aggregate compensation of the KMP of the Group is set out below:

	Consolidated Dec 2020 $
Short-term employee benefits	215,945
Long-term post-employment benefits	10,400
Security based payments	8,287
	234,632

Detailed remuneration disclosures are provided in the remuneration report on page 50 and onwards.

25. Related Party Disclosures

a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of securities held in subsidiaries are disclosed in Note 23 to the Financial Statements.

b) Transactions with Other Related Parties

Other related parties include:

- Brookfield Infrastructure Partners L.P. as a significant entity with influence over DBI
- subsidiaries
- other related parties.

Transactions and balances between the Company and its subsidiaries were eliminated in full in the preparation of consolidated Financial Statements of the Group.

Transactions involving the entities with influence over DBI:

The deferred capital contribution paid by the Selling Entities is disclosed in note 17 to the financial statements.

Additionally, the Selling Entities have agreed to indemnify DBI against any payment that arises in respect of a dispute with the Australian Taxation Office as it relates to a legacy withholding tax issue. If any part of the amounts already paid is recovered, this will be refunded to the Selling Entities. No amounts have been recognised in the financial statements in relation to this matter.

From IPO, 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 the IPO, 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 the IPO and which is 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).

During the period, the following transactions were made with related parties. All amounts were based on commercial terms.

	Dec 2020 $
Paid/payable to Brookfield Infrastructure Partners LP and its related entities:	
Reimbursement of IPO listing costs paid on behalf of DBI [1]	1,581,415
Payment of service fee [2]	299,457
Asset acquisition (note 30)	1,115,714,387
Deferred capital contribution to fund the IPO Transaction Costs. Refer note 17	132,432,521

1. IPO Transaction Costs charged to and reimbursed by DBI after IPO.
2. The service fee relates to the period before the subsidiary was acquired and was included in payables at time of acquisition. Payment of the fee occurred after acquisition.

Notes to the Consolidated Financial Statements (continued)

26. Remuneration of Auditors

During the period the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu as auditor of the parent entity, Dalrymple Bay Infrastructure Limited.

	Dec 2020 $
Audit or review of financial reports:	
– Group	350,000
– Subsidiaries	246,200
	596,200
Statutory assurance services required by legislation to be provided by the auditor	–
Other assurance and agreed upon procedures under other legislation or contractual arrangements [1]	**810,000**
Other services:	
Tax compliance services	–
	1,406,000

1. These are non-recurring services in relation to the Investigating Accountants Report and comfort letters provided as part of the IPO.

27. Earnings Per Security

	2020 Dollars
a) Basic and diluted loss per security	
From continuing operations attributable to the ordinary equity holders of the company	(0.23)
Total basic and diluted loss per security attributable to the ordinary equity holders of the company	(0.23)
b) Reconciliation of loss used in calculating earnings per security	**$'000**
Loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per security	(113,208)
Total loss attributable to the ordinary equity holders of the company used in calculating basic and diluted loss per security	(113,208)
c) Weighted average number of securities used as the denominator	**Number**
Weighted average number of securities used as the denominator used in calculating basic and diluted loss per security	500,277,933
	500,277,933

28. Notes to the Statement of Cash Flows

a) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated Dec 2020 $'000
Loss for the period	(113,208)
Movement in fair value through profit or loss on derivatives	(411)
Depreciation and amortisation of non-current assets	2,471
Other non-cash finance cost	(1,294)
Income tax benefit	(13,319)
Interest expense on Loan Notes	745
CHANGES IN NET ASSETS AND LIABILITIES	
(Increase)/decrease in assets:	
Current trade and other receivables	16,260
Prepayments	(3,155)
Increase/(decrease) in liabilities:	
Current trade and other payables	111,202
Current provisions	84
Non-current provisions	(2,983)
Net cash provided by operating activities	**(3,608)**

b) Reconciliation of financing activities for the period

	Opening Balance	Acquisition (note 30)	Financing cash flows	Fair value, foreign exchange and other adjustments	Deferred Tax adjustments	Closing Balance at 31 December 2020
Borrowings	–	2,644,911	(563,000)	(42,372)		2,039,539
Lease liabilities	–	469	(12)			457
Loan Note [1]	–	–	251,898	751		252,649
Issue of staple security [2]	–	–	1,030,717	–	(43,501)	987,216
Total	**–**	**2,645,380**	**719,603**	**(41,621)**	**(43,501)**	**3,279,861**

1. Including issue costs associated with the Loan Notes (refer note 15).
2. Including costs associated with the staple security issue (Refer note 18).

c) $408 million of cash was acquired as part of the asset acquisition (Refer note 30). These funds were used to repay debt of $430 million post acquisition. $170 million of debt was repaid using funds raised via the IPO. A further $37 million of borrowings was drawn on revolver facilities during the period.

d) Payments of $983 million were made to the Selling Entities during December 2020. These payments were net of the $132 million IPO Transaction Costs. The entities purchased by DBI had $408 million of cash at the time of purchase. The proceeds net of the cash acquired is disclosed. Refer notes 4 and 30.

29. Financial Instruments

a) Financial risk management

The operations of DBI expose it to a number of financial risks, including:

- capital risk
- liquidity risk
- interest rate risk
- currency risk; and
- credit risk.

The Board of DBI recognise that risk management is an integral part of good management practice. Risk management is integrated into the Group's philosophy, practices, business plans and forecasts with a culture of compliance being promoted within the Group.

The Group seeks to minimise the risks associated with interest rates and currency primarily through the use of derivative financial instruments to hedge these risk exposures. These are disclosed in Notes 11 and 16. The use of financial derivatives is governed by the Group's Treasury Policy. This policy provides written principles on the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. They are presented as current assets or liabilities to the extent they are expected to mature within 12 months after the end of the reporting period. There has been no material change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Details of significant accounting policies, including the criteria for recognition, classification, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial asset and liability are disclosed in Note 3.

Hedge ineffectiveness is determined at the inception of the hedge relations, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group enters into interest rate and cross-currency interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. Ineffectiveness is caused by relationships with inception values or slight differences in critical terms. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. A hedge ratio of 1:1 is maintained. The ineffectiveness at 31 December 2020 is $411,000.

b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists net debt, which includes the borrowings disclosed in Note 14, offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising contributed equity and retained earnings/(accumulated losses) as disclosed in Notes 18 and 20 respectively.

Operating cash flows are used to maintain the assets, as well as to make the routine outflows of tax, loan repayments, dividends/distributions and meet interest requirements. The Group manages its debt exposure by ensuring a diversity of funding sources as well as spreading the maturity profile to minimise refinance risk.

The Board, along with senior management, reviews the capital structure and as part of this review considers the cost of capital and the risk associated with each class of capital. The Group manages its overall capital structure through the payment of dividends/distributions, the issue of new debt or the redemption of existing debt.

Loan covenants

As disclosed within Borrowings (Note 14), the Group has various loan facilities in place. Most of these facilities have loan covenants attached to these. These are generally in the form of interest cover ratios and gearing ratios.

The Group does not have any market capitalisation or minimum rating covenants attached to any of its borrowings.

During the period ended 31 December 2020 there were no breaches of any loan covenants within the Group.

c) Liquidity risk management

The main objective of liquidity risk management is to ensure that the Group has sufficient funds available to meet its financial obligations, working capital and potential investment expenditure requirements in a timely manner. It is also associated with planning for unforeseen events which may curtail operating cash flows and cause pressure on the Group's liquidity.

The Group manages liquidity risk by maintaining adequate cash reserves and committed credit lines in addition to continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount was derived from interest rate curves at the end of the reporting period.

	Weighted average effective interest rate %	Less than 6 months $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	5+ years $'000	Total contractual cash flows $'000
Consolidated – Dec 2020							
Non-derivative financial instruments:							
Trade and other payables		157,233	–	–	–	–	157,233
Interest-bearing liabilities [1]	4.54	38,614	72,319	110,702	1,236,011	899,771	2,357,417
Derivative financial instruments:							
Interest rate swaps – asset		(1,406)	(1,492)	(2,837)	(5,859)	–	(11,594)
Interest rate swaps – liability		14,874	(1,096)	(1,947)	(1,837)	15,265	25,259
Cross currency interest rate swaps – pay leg [1]		15,584	15,655	32,065	636,954	568,005	1,268,263
Cross currency interest rate swaps – receive leg [1]		(25,965)	(26,073)	(52,038)	(816,792)	(500,792)	(1,421,660)
		198,934	59,313	85,945	1,048,477	982,249	2,374,918

1. USD denominated receipts and payments have been converted to AUD based on the FX rate at balance date.

The Group expects to meet its obligations from operating cash flows; however, it also has access to unused financing facilities at the end of the reporting period as described below.

	Consolidated
	Dec 2020 AUD$'000
FINANCING FACILITIES AVAILABLE TO THE GROUP	
Secured bank facilities:	
– amount used	346,000
– amount unused	214,000
	560,000

d) Interest rate risk management

The Group's primary objectives of interest rate risk management are to ensure that:

- the Group is not exposed to interest rate movements that could adversely impact on its ability to meet financial obligations;
- earnings and dividends/distributions are not adversely affected;
- volatility of debt servicing costs is managed within acceptable parameters; and
- all borrowing covenants under the terms of the various borrowing facilities, including interest cover ratios, are complied with.

Having regard to the above constraints, the Group's objective in managing interest rate risk is to minimise interest expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements, ownership of assets and also movements in market interest rates.

To achieve this, in general terms, the Group's funding mix comprises both fixed and floating rate debt. Fixed rate debt is achieved either through fixed rate debt funding or through the use of financial derivative instruments. In addition, where possible, interest rate risk is minimised by matching the terms of the interest rate swap contracts hedging the borrowings which fund the underlying investments to the regulatory regime resets for those investments. The regulatory regime reset the parameters for the revenue calculations at 5-year intervals and the interest rate swaps are also set at these intervals so that market parameters are matched in both, thus providing natural hedges.

The Group's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note (Note 29(c)). For Financial Assets refer to Note 11.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally and represents management's assessment of the potential change in interest rates. A parallel shift in the yield curves by 50 basis points higher or lower at reporting date would have the following impact assuming all other variables were held constant:

Consolidated	Dec 2020 50 bp increase $'000	 50 bp decrease $'000
Net profit/(loss) [1]	(424)	424
Other equity [1]	6,887	(7,076)

1. Amounts are stated pre-tax.

Interest rate swap contracts

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of fixed rate debt and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the applicable benchmark curve at reporting date and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts of the Group outstanding as at reporting date and their related hedged items:

Notes to the Consolidated Financial Statements (continued)

Outstanding floating for fixed contracts	Average contracted fixed interest rate Dec 2020 %	Notional principal amount Dec 2020 $'000	Fair value (FV) Dec 2020 $'000	Change in FV for calculating ineffective-ness Dec 2020 $'000
Less than 1 year	2.028	1,600,000	(14,619)	2,063
1 to 2 years	–	–	–	–
2 to 5 years	–	–	–	–
5 years plus	–	–	–	–
		1,600,000	(14,619)	2,063
Outstanding fixed for floating contracts				
Less than 1 year	–	–	–	–
1 to 2 years	–	–	–	–
2 to 5 years	6.34	75,000	10,169	(170)
5 years plus	4.68	317,214	(7,316)	125
		392,214	2,853	(45)
Outstanding fixed for floating cross currency contracts				
Less than 1 year	–	–	–	–
1 to 2 years	–	–	–	–
2 to 5 years	4.77	561,550	216,591	(30,602)
5 years plus	4.09	460,090	(57,342)	(17,898)
		1,021,640	159,249	(48,500)

Interest rate swap contracts exchanging floating rate interest amount for fixed rate interest amounts are designated as cash flow hedges where possible in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The settlement dates coincide with the dates on which the interest is payable on the underlying debt where possible, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. Certain interest rate contracts do not qualify for hedge accounting and are not able to be treated as cashflow hedges.

Hedge Relationship Type	Fair Value Hedge		Cash Flow Hedge		
Hedging Instrument	AUDUSD CCIRS[3]	AUD Rec Fixed IRS	AUDUSD CCIRS[3]	AUD Pay Fixed IRS	
Hedged Item[1]	USD Fixed Rate Debt	AUD Fixed Rate Debt	USD Fixed Rate Debt	AUD Floating Rate Debt[2]	
Notional Amount of Hedging Instrument ('000)	USD 887,000	AUD 392,214	USD 887,000	AUD 1,600,000	
Carrying Amounts of Hedging Instrument	CCIRS	IRS	CCIRS	IRS	Total
Other Financial Assets – Non-Current	693	10,169	215,898	–	**226,760**
Other Financial Liabilities – Current	–	–	–	(14,619)	**(14,619)**
Other Financial Liabilities – Non-Current	83	(7,316)	(57,425)	–	**(64,658)**
Total by hedge relationship type	**776**	**2,853**	**158,473**	**(14,619)**	**147,483**
Cumulative fair value adjustment on hedged item[4]	(1,157)	(181)	Not Applicable	Not Applicable	
Carrying Amount of hedged item	(1,217,897)	(392,372)			
During the period					
Change in fair value of outstanding hedging instruments	1,066	(45)	(49,566)	2,063	**(46,482)**
Change in value of hedged item used to determine hedge effectiveness	(1,157)	(181)	49,750	38	
Changes in the value of the hedging instrument recognised in OCI[5]	Not Applicable	Not Applicable	(5,783)	(38)	**(5,821)**
Hedge ineffectiveness recognised in profit or loss[6]	(92)	(226)	(1,373)	2,101	**411**
Balances deferred in OCI (Cash Flow Hedge Reserve) (before deferred tax)[7]	Not Applicable	Not Applicable	(5,783)	(38)	**(5,821)**

1. Line item in statement of financial position which hedged item is included in Borrowings.
2. Includes DBI AUD floating rate bank debt and synthetic floating rate exposure.
3. Cross currency swaps are dual designated in both cash flow and fair value hedge relationships. The aggregated CCIRS notional is USD 887 million.
4. Fair value adjustment excludes impact of foreign currency translation impact.
5. Pre-tax movement in fair value recognised in OCI.
6. Hedge ineffectiveness is presented as part of borrowing cost in the Statement of Profit or Loss.
7. Balance deferred include fair value impact of foreign currency basis spreads recognised as cost of hedging.

Notes to the Consolidated Financial Statements (continued)

e) Foreign currency risk management

The Group has issued notes in a foreign currency (USD); consequently, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising cross currency swaps. The currency exposure is 100% effectively hedged so the Group has no sensitivity to increases and decreases in the Australian dollar against the relevant foreign currency. The details of the cross-currency swaps are summarised in Note 29(d).

The carrying amounts of the Group's foreign currency denominated debt are as follows.

	Dec 2020	
	Carrying amount	
Consolidated	USD$'000	AUD$'000
Notes issued in USD	887,000	1,217,896

	Notional principal amount		Fair value
Consolidated	Dec 2020 USD$'000	Dec 2020 AUD$'000	Dec 2020 AUD$'000
Outstanding cross currency contracts	887,000	1,021,640	159,249

f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group only undertakes transactions with credit worthy customers and conducts active ongoing credit evaluation on the financial condition of customers and other trade receivables in order to minimise credit risk.

From a treasury perspective, counterparty credit risk is managed through the establishment of authorised counterparty credit limits which ensures the Group only deals with credit worthy counterparties and that counterparty concentration is addressed and the risk of loss is mitigated. Credit limits are sufficiently low to restrict the Group from having credit exposures concentrated with a single counterparty but rather encourages spreading such risks among several parties. The limits are set at levels reflecting the Group's scale of activity and also allow it to manage treasury business competitively.

Impairment

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The credit profiles of the customers have been evaluated and there are no past due amounts, so the identified impairment loss was immaterial.

The maximum exposure to credit risk at the reporting date, in relation to each recognised financial asset, is the carrying value of the asset recognised in the Statement of Financial Position.

g) Fair value of financial instruments

The fair value of financial instruments is determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates, adjusted for credit risk of the Group and various counterparties, for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The fair value of forward exchange contracts is determined using quoted forward exchange market rates and yield curves derived from quoted interest rates matching maturities of the contract, adjusted for credit risk.
- The fair value of financial liabilities in foreign currency are translated at the foreign currency exchange rate as at balance date.

Except as detailed in the following tables, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements of the Group approximate their fair values. Carrying value excludes amortised deferred funding costs of $4.6 million for 31 December 2020.

	Dec 2020	
Consolidated	Carrying amount $'000	Fair value $'000
Bank Facilities	343,551	343,592
Notes	1,695,988	1,693,059

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Consolidated – Dec 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Derivative financial assets	–	226,760	–	226,760
Derivative financial liabilities	–	79,277	–	79,277

There were no transfers between levels during the period ended 31 December 2020

30. Asset Acquisition

On 8 December 2020, DBI acquired the DBT Entities and the terminal lease, accounted for as a service concession intangible asset, was acquired through this transaction. The Directors elected to apply the optional concentration test allowed under AASB 3 and this transaction is accounted for as an asset acquisition (Refer note 4). Details of the purchase consideration and the consideration allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of the acquisition are set out below:

	Allocated cost $'000
Cash and cash equivalents	408,171
Trade and other receivables	60,236
Other financial assets	294,028
Intangible assets	3,111,349
Trade and other payables	(44,669)
Borrowings	(2,644,911)
Other financial liabilities	(63,568)
Employee provisions	(4,922)
Net assets acquired	1,115,714

The $1,116 million is the amount of consideration paid by DBI for the DBT Entities and is recorded in the DBI standalone balance sheets as investment in subsidiaries. It represents the $1,286 million raised at issue less the $170 million allocated to reduce debt acquired as part of the acquisition.

	$'000
Purchase consideration:	
Cash received from issue	1,285,714
Cash retained to reduce borrowings	(170,000)
Consideration [1]	1,115,714

	$'000
Net cash outflow arising on acquisition:	
Cash consideration	1,115,714
Less: cash and cash equivalents acquired	(408,171)
Less: IPO Transaction Costs funding by Selling Entities [2]	(132,332)
	575,211

1. The cash received from the IPO of $1,286 million is based on 500,277,933 stapled securities issued at a price of $2.57 per security. Part of the cash received was then used to repay existing borrowings in DB Finance of $170 million whilst the remaining cash of $1,116 million was paid as consideration for the DBT Entities acquired.
2. The cash consideration paid to the Selling Entities was further reduced by the IPO Transaction Costs of $132.3 million. These costs were in relation to the IPO and includes an estimated stamp duty claw back amount which has been triggered by a DBT Entity on IPO when association with the Brookfield group ceased. If the actual IPO Transaction Cost amounts are lower or higher than estimated, the amount ultimately payable to or recoverable from the Selling Entities will be adjusted accordingly.

Of the estimated $132 million of IPO Transaction Costs, $129 million was expensed, $0.96 million incurred to issue the Loan Note attributable to securityholders was allocated to debt and the $2.1 million of transaction costs directly incurred to issue the stapled securities has been allocated to equity.

The amount held to cover the IPO Transaction Costs is not considered part of the consideration but is accounted for as funding received from the Selling Entities to compensate the Group for these costs. The Directors have determined that the funding received for the IPO Transaction Costs will ultimately be recorded as a capital contribution through a capital reserve included in equity. However, as at 31 December 2020, as the cash has been received but not all costs have been paid, an amount of $132.3 million has been recorded as a deferred capital contribution in current liabilities. The IPO Transaction Costs, in particular the stamp duty payable, remain estimates. Once the costs are settled, the deferred capital contribution will be finalised and recorded as a capital contribution in equity.

31. Parent Entity Information

The parent entity of the Group is Dalrymple Bay Infrastructure Ltd. The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

Refer to Note 3 for a summary of the significant accounting policies relating to the Group.

	Dec 2020 $'000
Financial position:	
Assets	
Current assets	109,607
Non-current assets	1,115,715
Total assets	1,225,322
Liabilities	
Current liabilities	149,011
Non-current liabilities	115,870
Total liabilities	264,881
Net assets	960,441
Securityholders' Equity	
Issued capital	987,216
Accumulated loss	(26,775)
Total equity	960,441
Financial performance:	
Loss for the period	(26,775)
Other comprehensive income	–
Total comprehensive income	(26,775)

Commitments for acquisition of intangibles

Please refer Note 21 for details of capital expenditure relating to the Group.

Contingent assets and liabilities

Please refer to Note 22 for details of contingent liabilities relating to the Group.

32. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected the operations of the consolidated entities, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In the Directors' opinion:

- The financial statements and notes set out on pages 54 to 96 are in accordance with the *Corporations Act 2001*, including:
  - complying with Accounting Standards and the *Corporations Regulations 2001*; and
  - giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance in the period ended on that date, and
- there are reasonable grounds to believe that Dalrymple Bay Infrastructure Ltd will be able to pay its debts as and when they become due and payable;

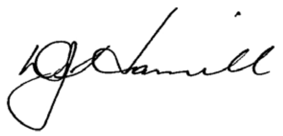
Note 3 confirms that the financial statements also comply with International Financial Reporting Standards.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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

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

On behalf of the Directors



Hon Dr David Hamill AM
Chairman

Brisbane, 26 February 2021

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Tel: +61 7 3308 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Dalrymple Bay Infrastructure Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dalrymple Bay Infrastructure Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from incorporation of 7 August 2020 to 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the period then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Accounting for the acquisition of Dalrymple Bay Infrastructure Management Pty Ltd and related entities ("DBT entities")
 	
(Refer Note 4 and 30)
 	
The Company was incorporated on 7 August 2020. On the 8 December 2020 the Company acquired the DBT entities and has elected to apply the optional concentration test allowed under AASB 3 *Business Combinations* in accounting for the transaction as an asset acquisition.
 	
Assessing whether an entity has acquired an asset or a business can be complex and is matter requiring significant judgement. The determination may result in materially different accounting outcomes in relation to the values attributed to the assets and liabilities recognised as part of the transaction as for an asset acquisition acquired assets are initially measured at cost. The acquisition cost of the acquired assets is determined by allocating the total transaction cost to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase and no goodwill arises. Associated tax implications and accounting for transaction costs can also be complex.
 	
Accounting for the acquisition of the DBT entities has therefore been identified as a complex area of accounting and a key judgement.
	In conjunction with our valuation specialists, our procedures included, but were not necessarily limited to:
	
	• Obtaining and reviewing management's position paper.
	• Reviewing the information relating to the transaction including relevant related sale and purchase agreements.
	• Challenging and assessing the appropriateness of conclusions reached in respect of:
	  - the transaction meeting the definition of an asset acquisition, specifically reperforming management's calculation under the optional concentration test;
	  - the appropriate treatment of the transaction costs; and
	  - the application of the initial recognition exemption allowed under AASB 112 *Income Taxes* in relation to the intangible asset acquired.
	• Assessing the relative fair values of assets and liabilities acquired.
	• Evaluated the appropriateness of disclosures related to this matter in the financial report.

Rehabilitation
 	
(Refer Note 4 and 22)
 	
AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* ("AASB 137"), prescribes how entities should account for obligations for rehabilitation. Under the provisions of the Port Services Agreement ("PSA"), the Group may be required to rehabilitate the port, if certain conditions are met. As at 31 December 2020, the Directors have assessed that no provision for rehabilitating the port is required. The Directors consider the nature of the Group's obligations for rehabilitation and remediation to be that of a contingent liability.
 	
Accounting for the Group's potential obligation to rehabilitate the port, is complex and requires the application of significant judgment. As such this matter has been identified as a key judgement.
	Our procedures included, but were not necessarily limited to:
	
	• Obtaining and reviewing management's position paper.
	• Evaluating and challenging management's assessment of the probability of economic outflows through:
	  - Reviewing and considering documents referenced in management's position paper including the PSA and the long-term coal demand study provided by management;
	  - Reviewing and considering other documents and available information including legal reports, industry body reports and correspondence with Queensland Government bodies as part of the regulatory and initial public offering process; and
	  - Making inquiries of internal and external legal counsel.
	• Evaluating the appropriateness of disclosures related to this matter in the financial report.

Independent Auditor's Report (continued)

Deloitte.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the Group's annual report (but does not include the financial report and our auditor's report thereon): Chairman's Letter, CEO Address, Operational Overview, Sustainability Overview and Shareholder Information, which are expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Letter, CEO Address, Operational Overview, Sustainability Overview and Shareholder Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 17 to 32 of the Directors' Report for the period from incorporation of 7 August 2020 to 31 December 2020.

In our opinion, the Remuneration Report of Dalrymple Bay Infrastructure Limited, for the period ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountant
Brisbane, 26 February 2021

Yvonne van Wijk
Partner
Chartered Accountant
Sydney, 26 February 2021

Shareholder Reports

Twenty largest Shareholders as at 8 March 2021

Rank	Investor	Current Balance	% Issued Capital
Sec. Group: ORD – FULLY PAID STAPLED SECURITIES			
1	BIP BERMUDA HOLDINGS IV LIMITED	245,136,188	49.00%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	140,798,193	28.14%
3	CITICORP NOMINEES PTY LIMITED	11,434,523	2.29%
4	BNP PARIBAS NOMS PTY LTD <DRP>	11,000,000	2.20%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	5,589,215	1.12%
6	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	2,607,266	.52%
7	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	2,015,043	.40%
8	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,277,760	.26%
9	NATIONAL NOMINEES LIMITED	1,229,230	.25%
10	GEOMAR TRADING PTY LTD	953,500	.19%
11	HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	800,000	.16%
12	BNP PARIBAS NOMINEES PTY LTD <PITCHER PARTNERS DRP>	787,339	.16%
13	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	760,408	.15%
14	TELUNAPA PTY LTD <TELUNAPA CAPITAL A/C>	700,000	.14%
15	JOHN SHEARER (HOLDINGS) PTY LIMITED	600,000	.12%
16	MT BYRON PASTORAL COMPANY PTY LTD <MT BYRON PASTORAL S/F A/C>	500,000	.10%
17	DESERT CAPITAL PTY LTD	400,000	.08%
18	SARTAIN ENTERPRISES PTY LTD <SARTAIN FAMILY A/C>	400,000	.08%
19	BIGA NOMINEES PTY LTD <EXECUTIVE SUPER FUND A/C>	389,105	.08%
20	HILLMORTON CUSTODIANS PTY LTD <THE LENNOX UNIT A/C>	361,000	.07%

Investor	Current Balance	Investors	% Issued Capital
TOTAL FOR TOP 20:	427,738,770	20	85.50%
TOTAL IN THIS REPORT:	427,738,770	20	85.50%
TOTAL OTHER INVESTORS:	72,539,164	5,238	14.50%
GRAND TOTAL:	500,277,934	5,258	100.00%

ASX Additional Information

(Listing Rule 4.10) as at 8 March 2021

Substantial Shareholders

Substantial Shareholder	Number of Securities	Date of Change	Voting Power
BIP Bermuda Holdings IV Limited	245,136,188	10 December 2020	49.0%
QIC Limited (and its controlled entities)	49,988,871	10 December 2020	9.99%
Fairfax Financial Holdings Limited (and its controlled entities)	38,910,505	10 December 2020	7.78%

Number of holders of each class of equity securities

5,258

Voting rights attached to each class of equity securities

Each ordinary share carries with it 1 vote.

Distribution schedule of the number of holders in each class of equity securities

Ranges	Investors	Securities	% Issued Capital
1 to 1000	417	285,585	.06
1001 to 5000	1,751	5,344,352	1.07
5001 to 10000	1,224	9,550,936	1.91
10001 to 100000	1,787	46,916,417	9.38
100001 and Over	79	438,180,644	87.59
Total	5,258	500,277,934	100

Number of holders holding unmarketable parcel of securities

The number of security investors holding less than a market parcel of 252 securities ($1.990 on 08/03/2021) is 29 and they hold 4,969 securities.

Name of the entity's secretary

Michael Ryan

ASX Additional Information (continued)

Address and phone of Registered office and Principal Administrative office

Registered Office

Level 22
135 King Street
Sydney NSW 2000

Ph: 61 2 9158 5100

Principal Administrative Office

Level 15, Waterfront Place
1 Eagle Street
Brisbane Qld 4001

Ph: 61 7 3002 3100

Address and phone of where register kept

Link Market Services Limited
Level 21
10 Eagle Street
Brisbane Qld 4001

Ph: 61 1300 554 474 (toll free within Australia)
Ph: 61 7 3320 2200 (Brisbane)

List of other stock exchanges listed on

Nil

Number and class of restricted securities or securities subject to voluntary escrow that are on issue and the date that the escrow period ends

245,136,188 Securities subject to voluntary escrow.

BIP has entered into a voluntary escrow deed (**Escrow Deed**) in respect of the Stapled Securities it held 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.

Share Buy-back

On 26 February 2021, DBI announced its intention to establish an on-market buy-back program, enabling it to buy back up to 10% of its issued capital for a period of 12 months, should it consider it advantageous to do so.

Corporate Governance Statement

DBI's Corporate Governance Statement and Appendix 4G for the period ended 31 December 2020 may be accessed via DBI's website at: https://dbinfrastructure.com.au/who-we-are/corporate-governance/

Directory

DIRECTORS

Hon Dr David Hamill AM

Mr Bahir Manios

Ms Bronwyn Morris AM

Dr Eileen Doyle

Mr Anthony Timbrell

Mr Jonathon Sellar
(Alternate Director for Bahir Manios)

COMPANY SECRETARY

Mr Michael Ryan

REGISTERED OFFICE

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Ph: +61 2 9158 5100

PRINCIPAL PLACE OF BUSINESS

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Brisbane Queensland 4000
Australia

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INVESTOR CONTACTS

Security Registry

For more information about your
DBI security holding please contact:

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Dalrymple Bay
Infrastructure

dbinfrastructure.com.au