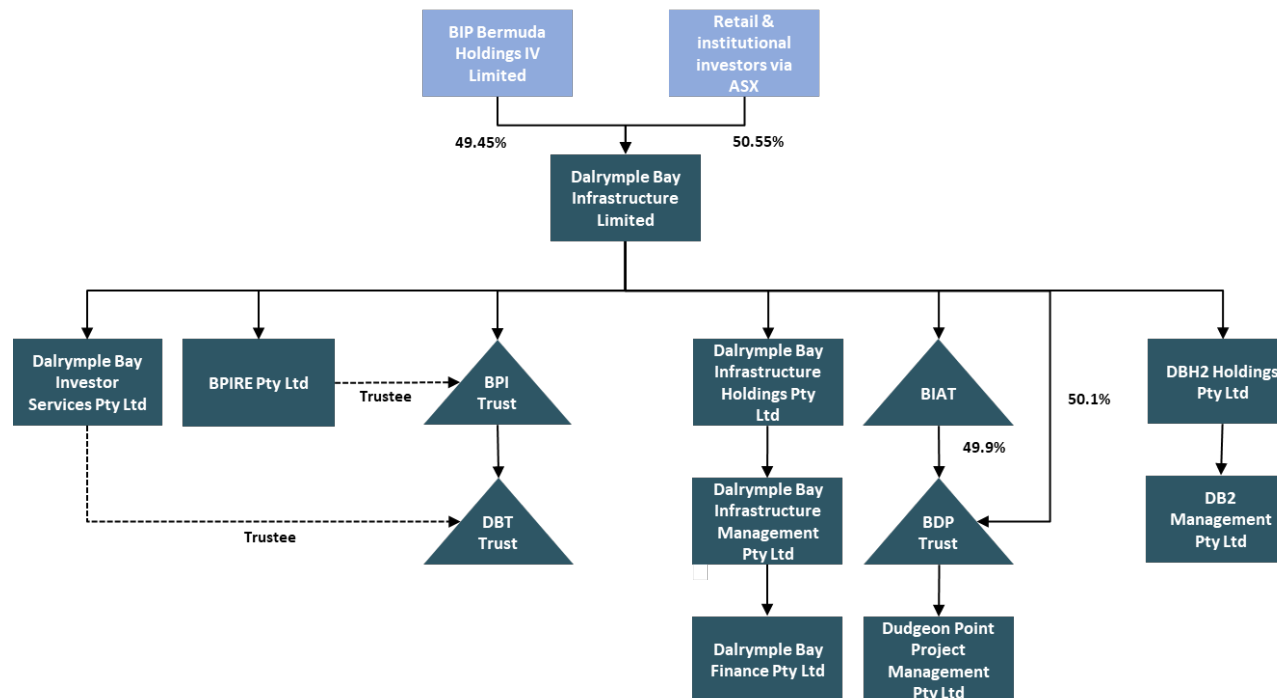


ASIC Regulatory Guide 231 – Infrastructure Entities: Improving Disclosure for Retail Investors

ASIC Regulatory Guide 231 – Infrastructure entities: Improving disclosure for retail investors, has set out benchmarks and disclosure principles for infrastructure entities. A full copy of the ASIC guide can be found on the ASIC website. Dalrymple Bay Infrastructure Limited’s (DBI) disclosure against those benchmarks and principles is set out below.

By way of background, DBI comprises Dalrymple Bay Infrastructure Limited (ACN 643 302 032) and its consolidated entities. Each share in DBI (**Share**) is stapled to one non-interest-bearing loan note issued by DBI (**Loan Note**) and traded on the Australian Securities Exchange (**ASX**) as a single security under the code “DBI” (**Stapled Security**).

DBI’s principal activity is 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. DBI’s operations are fully disclosed in DBI’s Annual Report, available on DBI’s website. A diagram summarising DBI’s structure is set out below.



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Benchmark	Statement and Explanation	Reference
<p>Benchmark 1: Corporate structure and management</p> <p>The infrastructure entity’s corporate governance policies and practices conform with the principles and recommendations in ASX Listing Rules Guidance Note 9.</p>	<p>The benchmark is met.</p>	<p>DBI publishes its Appendix 4G (Key to Disclosures Corporate Governance Council Principles and Recommendations) and an annual Corporate Governance Statement available on the DBI website in respect of compliance with Corporate Governance Principles and Recommendations 4th Edition.</p>
<p>Benchmark 2: Remuneration of management</p> <p>Incentive-based remuneration paid to management for the infrastructure entity is derived from the performance of the infrastructure entity and not the performance of other entities within its consolidated group, except where the infrastructure entity is the parent of the consolidated group.</p>	<p>This benchmark is met.</p>	<p>Refer to DBI’s Annual Report for detailed disclosures in respect of this benchmark.</p>
<p>Benchmark 3: Classes of units and shares</p> <p>All units or shares are fully paid and have the same rights.</p>	<p>This benchmark is met. All securityholders hold Stapled Securities which each comprise a fully paid ordinary share and a loan note issued by DBI, stapled to one another on a 1 to 1 basis. All Stapled Securities on issue have the same rights.</p>	<p>Refer to DBI’s Annual Report for detailed disclosures in respect of this benchmark.</p>
<p>Benchmark 4: Substantial related party transactions</p> <p>The infrastructure entity complies with ASX Listing Rule 10.1 for substantial related party transactions.</p>	<p>This benchmark is met.</p>	<p>Refer to DBI’s Annual Report for detailed disclosures in respect of this benchmark.</p>

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Benchmark	Statement and Explanation	Reference
<p>Benchmark 5: Cash flow forecast</p> <p>The infrastructure entity has, for the current financial year, prepared and had approved by its directors:</p>		
<p>a) a 12-month cash flow forecast for the infrastructure entity and has engaged an independent suitably qualified person or firm to provide, in accordance with the auditing standards:</p> <ul style="list-style-type: none"> - negative assurance on the reasonableness of the assumptions used in the forecast; and - positive assurance that the forecast is properly prepared on the basis of the assumptions and on a basis consistent with the accounting policies adopted by the entity; and 	<p>This benchmark is not met. While 12-month cash flow forecasts are prepared from time to time, DBI has not engaged an independent person or firm to provide any negative and positive assurances outlined by this disclosure benchmark. The directors believe that the current process and controls over the collation, reporting and management of the cash flow forecast is sufficient.</p>	<p>N/A</p>
<p>b) an internal unaudited cash flow forecast for the remaining life, or the right to operate (if less), for each new significant infrastructure asset acquired by the infrastructure entity.</p>	<p>This benchmark is not currently applicable as DBI has not acquired any new significant infrastructure assets in the last 12 months.</p>	<p>N/A</p>

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Benchmark	Statement and Explanation	Reference
<p>Benchmark 6: Base-case financial model</p> <p>Before any new material transaction, and at least once every three years, an assurance practitioner performs an agreed-upon procedures check on the infrastructure entity’s base-case financial model that:</p>	<p>This benchmark is partially met. However, DBI engages a third party at least every three years to perform a review of DBI’s base-case financial model (Model) to confirm that:</p> <ul style="list-style-type: none"> a) the Model’s logic and calculations are materially arithmetically correct and that the results are materially: accurate, complete, and consistent with the assumptions contained within the Model; b) the Model materially generates profit and loss, cash flow and balance sheet projections and key financial ratios for the project on the basis of the set of operational, financial, and economic assumptions set out in the Base Case; c) the Model contains no unintended inconsistent formulae across all relevant time periods; and, d) the Model contains no unresolved circularities. 	<p>N/A</p>
<p>a) checks the mathematical accuracy of the model, including that:</p> <ul style="list-style-type: none"> - the calculations and functions in the model are in all material respects arithmetically correct; and - the model allows changes in assumptions, for defined sensitivities, to correctly flow through to the results; and 		<p>N/A</p>
<p>b) includes no findings that would, in the infrastructure entity’s opinion, be materially relevant to the infrastructure entity’s investment decision.</p>		<p>N/A</p>

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Benchmark	Statement and Explanation	Reference
<p>Benchmark 7: Performance and forecast</p> <p>For any operating asset developed by the infrastructure entity, or completed immediately before the infrastructure entity’s ownership, the actual outcome for the first two years of operation equals or exceeds any original publicly disclosed forecasts used to justify the acquisition or development of the asset.</p>	<p>This benchmark is not met. DBI does not publicly disclose forecasts in relation to the acquisition or development of infrastructure assets.</p>	<p>N/A</p>
<p>Benchmark 8: Distributions</p> <p>If the infrastructure entity is a unit trust, it will not pay distributions from scheme borrowings.</p>	<p>This benchmark is not applicable to DBI as it is not a unit trust.</p>	<p>N/A</p>
<p>Benchmark 9: Updating the unit price</p> <p>If the infrastructure entity is unlisted and a unit trust, after finalising a new valuation for an infrastructure asset, the infrastructure entity reviews, and updates if appropriate, the unit price before issuing new units or redeeming units.</p>	<p>This benchmark is not applicable to DBI, as it is not a unit trust.</p>	<p>N/A</p>

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Disclosure Principle	Statement
<p>1. Key relationships</p> <p>Disclose:</p>	
<p>(a) The important relationships for the entity and any other related party arrangements relevant to an investor’s investment decision, including any controlling arrangements, special voting rights or director appointment rights; and</p>	<p>BIP Bermuda Holdings IV Limited (BIP) holds 49.45% of DBI. DBI and BIP entered into a relationship agreement on or about 20 November 2020 (Relationship Agreement), which (subject to certain exceptions) will continue in force until BIP and/or its affiliate ceases to hold at least 10% of the Stapled Securities in DBI (unless terminated earlier in accordance with its terms).</p> <p>Under the Relationship Agreement, the parties agree to give effect, or procure that their respective subsidiaries or affiliates give effect, to certain separation issues in connection with the Offer, including certain existing and ongoing arrangements between the parties.</p> <p>Please refer to section 11.7.12 of the DBI Prospectus released to the ASX on 8 December 2020 for further details.</p>
<p>(b) For any significant infrastructure asset under development:</p> <p>(i) Key relationships in the development, including any concessionaire, developer, builder, sponsor, promoter, asset manager, independent expert, financier, joint venture party, issuer or manager; and</p> <p>(ii) Key participants that bear material development related risks, including for timing and cost of delivery of the development, procurement and cost of financing for the development, and guaranteeing the performance of other entities.</p>	<p>This principle does not currently apply to DBI.</p>

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Disclosure Principle	Statement
<p>2. Management and performance fees</p> <p>Disclose:</p>	
<p>(b) All fees and related costs associated with the management of the entity’s assets paid or payable directly or indirectly out of the money invested in the entity, providing a clear justification for the fees; and</p>	<p>Not applicable to DBI. No fees or related costs associated with the management of DBI’s assets have been paid in the current year.</p>
<p>(c) If performance fees are payable, how these fees will be paid – for example:</p> <p>(i) for mature operating infrastructure assets – explain if and how the performance fees will be paid, including whether these fees are payable only from operating cash flow; and</p> <p>(ii) for operating infrastructure assets in a growth phase and development assets – explain how the performance fees will be paid, whether these fees are funded by debt, capital, the issue of securities or otherwise, and the risks to members in paying performance fees in those way.</p>	<p>Not applicable to DBI.</p>
<p>3. Related party transactions</p> <p>Disclose details of any related party arrangements relevant to the investment decision, including:</p>	<p>Refer to the Related Party Transactions note in DBI’s Annual Report for details on related party transactions.</p>
<p>(a) The value of the financial benefit / consideration payable;</p>	
<p>(b) The nature of the relationship;</p>	
<p>(c) Whether the arrangement is on arm’s length terms, the remuneration is reasonable, some other Chapter 2E exception applies or ASIC has granted relief;</p>	
<p>(d) Whether member approval of the transaction has been sought and if so when;</p>	
<p>(e) The risks associated with the related party arrangement;</p>	

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Disclosure Principle	Statement
<p>(f) The policies and procedures in place for entering into these arrangements and how compliance with those policies and procedures is monitored;</p>	<p>Refer to the Related Party Transactions note in DBI’s Annual Report for details on related party transactions.</p>
<p>(g) For management agreements with related parties:</p> <ul style="list-style-type: none"> (i) The term of the agreement; (ii) If the fee is payable by the infrastructure entity on termination of the agreement, the method of termination that will incur a fee and details on how that fee is calculated; (iii) Any exclusivity arrangements in the management agreement; (iv) Whether a copy of agreement is available to investors and, if so, how an investor can obtain a copy of the agreement; and (v) any other arrangements that have the potential or actual effect of entrenching the existing management; and 	
<p>(h) For transactions with related parties involving a significant infrastructure asset;</p> <ul style="list-style-type: none"> (i) What steps the infrastructure entity took to evaluate the transaction; and (ii) If not otherwise disclosed, summary of any independent expert opinion obtained for the transaction and whether, and if so how, an investor can obtain a copy of the opinion. 	

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Disclosure Principle	Statement
<p>4. Financial ratios</p> <p>Disclose:</p>	
<p>(a) If target financial ratios have been publicly disclosed, the respective financial ratios actually achieved for the entity and how those target and actual ratios are calculated; and</p> <p>(b) An explanation of what the financial ratios mean in practical terms and how investors can use the ratios to determine the entity’s level of debt-related risk.</p>	<p>DBI does not publicly disclose target financial ratios.</p>
<p>5. Capital expenditure and debt maturities</p> <p>Disclose:</p>	
<p>(a) Planned capital expenditure for the next 12 months and how this expenditure is to be funded; and</p>	<p>DBI’s capital commitments are disclosed in the Capital Expenditure Commitments note in DBI’s Annual Report.</p>
<p>(b) A breakdown of material debt maturities for the entity, in the intervals set out in the table, on a consolidated contractual basis showing the drawn amount, the undrawn amount, the total drawn and undrawn amount, the percentage of variable interest rate risk, the weighted average interest rate, the percentage of debt that is not limited recourse to a particular asset and whether the debt is fully amortising or requires principal and interest payments.</p>	<p>DBI discloses debt maturities in its Investor Presentation which is available on DBI’s website.</p>
<p>6. Foreign exchange and interest rate hedging</p> <p>Disclose:</p>	
<p>(a) Any current foreign exchange and interest rate hedging policy for the entity; and</p> <p>(b) Whether the entity’s foreign exchange and/or variable interest rate exposure conforms with its foreign exchange and interest rate hedging policy.</p>	<p>DBI does not publicly disclose its interest rate and foreign exchange hedging policy. Information in relation to DBI’s foreign exchange and interest rate exposures are disclosed in the Financial Instruments note in DBI’s Annual Report. DBI conforms with its hedging policy (unless otherwise approved by the Board from time to time).</p>

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Disclosure Principle	Statement
<p>7. Base financial model</p> <p>Disclose:</p>	
<p>(a) For acquisitions of a significant infrastructure asset, the following details of an infrastructure entity’s base case financial model:</p> <ul style="list-style-type: none"> (i) Key assumptions and source of those assumptions; (ii) A confirmation by the directors as to whether or not they consider that the assumptions are reasonable; (iii) Any process the directors undertook to satisfy themselves that the assumptions were reasonable, including if an expert provided an opinion on the model, and if so, provide a summary of that expert opinion; (iv) The agreed upon procedures check that the assurance practitioner has performed to review the base-case financial model (as per benchmark 6) and any findings which are materially relevant to the investment decision; and (v) Any conflicts of interest that may arise in either the expert opinion or the agreed-upon procedures check. 	<p>Not applicable, DBI has not acquired any significant infrastructure assets since listing on the ASX.</p>
<p>(b) Up to five of the key assumptions in an infrastructure entity’s base case financial model that are likely to have the most material impact:</p> <ul style="list-style-type: none"> (i) On the operating performance of the entity for at least the next 12 months; or 	<p>The key assumptions in DBI’s base case financial model likely to have the most material impact are:</p> <ul style="list-style-type: none"> • Forecast inflation rates; • Interest rates incurred on corporate debt facilities; and • Forecast capital expenditure.
<ul style="list-style-type: none"> (ii) In the case of a development asset, in the first year of operation, demonstrating the impact on the infrastructure and investor entity, if any (and separately if all) of the assumptions were materially less favourable than anticipated. 	<p>Not currently applicable to DBI.</p>

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Disclosure Principle	Statement
<p>(c) Also disclose:</p> <ul style="list-style-type: none"> (i) A reasonable estimate of the operating capacity of the entity’s significant infrastructure assets; (ii) For any operating asset developed by the infrastructure entity or completed immediately before the infrastructure entity’s ownership, any material discrepancies between any publicly disclosed forecasts and the actual performance for the first 2 years of operation; and (iii) Any material discrepancies between the assumptions contained in the infrastructure entity’s base case financial model used to raise any debt and the model used to raise any equity, respectively, within six months of each other in the current financial year. 	<ul style="list-style-type: none"> (i) Refer to DBI’s Annual Report for information on the operating capacity of DBT. (ii) Not applicable to DBI (iii) Not applicable to DBI

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Disclosure Principle	Statement
<p>8. Valuation</p> <p>Disclose:</p> <ul style="list-style-type: none"> (a) Details on the entity’s valuation policy; and (b) Whether valuations and supporting documentation are available to investors and, if so, how they are made available. If valuations and supporting documentation are not available to investors, the infrastructure entity should provide a summary of the valuations (required for significant infrastructure assets only) containing, at a minimum, the following information: <ul style="list-style-type: none"> (i) Whether the valuation was prepared internally or externally; (ii) The date of the valuation; (iii) The scope of the valuation and any limitations on the scope; (iv) The purpose of the valuation; (v) The value assessed and key assumptions used to determine value; (vi) The key risks specific to the infrastructure assets being valued; (vii) The valuation methodology; (viii) The period of any forecast and terminal value assumptions; (ix) The discount rate used and the basis for calculating this rate; and (x) The income capital expenditure and capital growth rates over the forecast period; and (c) Any circumstances that may result in a conflict of interest arising in the preparation of the valuations. 	<p>DBI accounts for its principal asset, being its lease of and right to use the DBT, as a service concession intangible asset under Interpretation 12 Service Concession Arrangements. Under <i>AASB 138 - Intangible Assets</i> DBI is required to recognise its key asset at historical cost, less accumulated amortisation and impairments. Accordingly, DBI does not conduct market-based valuations for the purposes of recording those assets in DBI’s financial statements.</p> <p>Further information in relation to the accounting policies which underpin DBI’s consolidated financial statements are available in DBI’s Annual Report available on DBI’s website.</p>

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Disclosure Principle	Statement
<p>9. Distribution policy</p> <p>Disclose:</p>	
<p>(a) The current distribution policy and any rights that the entity has to change the policy;</p>	<p>DBI’s Distribution Policy is to pay distributions from operating cash flow, targeting an FFO payout ratio of between 60% - 80% on an annualised basis.</p> <p>DBI intends to provide market guidance annually at or around the time of its Annual General Meeting to align with access charge adjustments, subject to business developments and market conditions and DBI’s stated commitment to maintaining an investment grade credit rating.</p>
<p>(b) On payment of distributions, the portion attributable to, for example, income, capital and debt; and</p>	<p>Distributions are sourced from operating cash flow and are generally paid as dividends on DBI’s ordinary shares, partial repayment of the loan notes stapled to DBI’s ordinary shares, or a combination thereof.</p>
<p>(c) The risks associated with distributions being paid from sources other than operating cash flow, including the sustainability of such distributions.</p>	<p>Not applicable; DBI sources distributions from operating cash flow.</p>
<p>10. Withdrawal Policy</p> <p>Disclose whether there is a withdrawal policy together with the information outlined in Disclosure Principle 10 in relation to the withdrawal arrangements.</p>	<p>Not applicable to DBI.</p>
<p>11. Portfolio diversification</p> <p>(a) Details on whether the infrastructure entity has a portfolio diversification policy and, if so, details of that policy;</p> <p>(b) The infrastructure entity’s actual portfolio diversification position compared to its portfolio diversification policy; and</p> <p>(c) If there is a material variance between the entity’s diversification policy and its actual position, an explanation of why the variance exists and the measures being taken to rectify it.</p>	<p>Not applicable; DBI does not have a Portfolio Diversification policy.</p>