

Facilitating Infrastructure Development in Far North Queensland

RDA Workshops

www.naif.gov.au

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NAIF objectives



Economic and social benefit for the north



Bringing forward development by addressing the market finance 'gap'



Collaboration with State and Territory jurisdictions



Meaningful change to benefit Indigenous communities

Why NAIF?

A differentiated offering from other public and private lenders

Facilitates project development

Concessions
eg tenor, interest rate, repayment
profile, risk allocation, volume



Patient capital in structure

Understands risks and challenges of
the north and remote locations



Range of infrastructure assets can be
funded

Economic and social development for northern Australia

Delivering infrastructure, jobs and public benefit to the north

\$1.5bn current commitments comprising 14¹ Investment Decisions and 1 Conditional Approval

~\$1.5bn
Approved

> \$3.1bn
Total project value of approved
NAIF Loans

>4,300*
Jobs
~3,400 construction
>900 operations

~\$3.7bn*
Public benefit to be generated
Effective actions for genuine
Indigenous engagement



>\$1.1bn
Energy & Resource



\$200m
Airport upgrades



\$96m
Education



\$32m
Agriculture &
Manufacturing



\$48m
Tourism &
Recreation



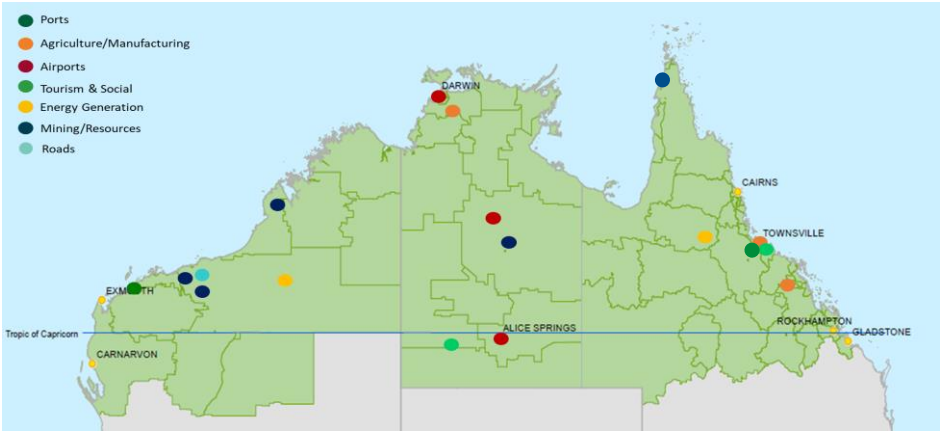
\$17m
Ports

* Jobs and Public Benefit data for the conditional approval project is not included at this stage

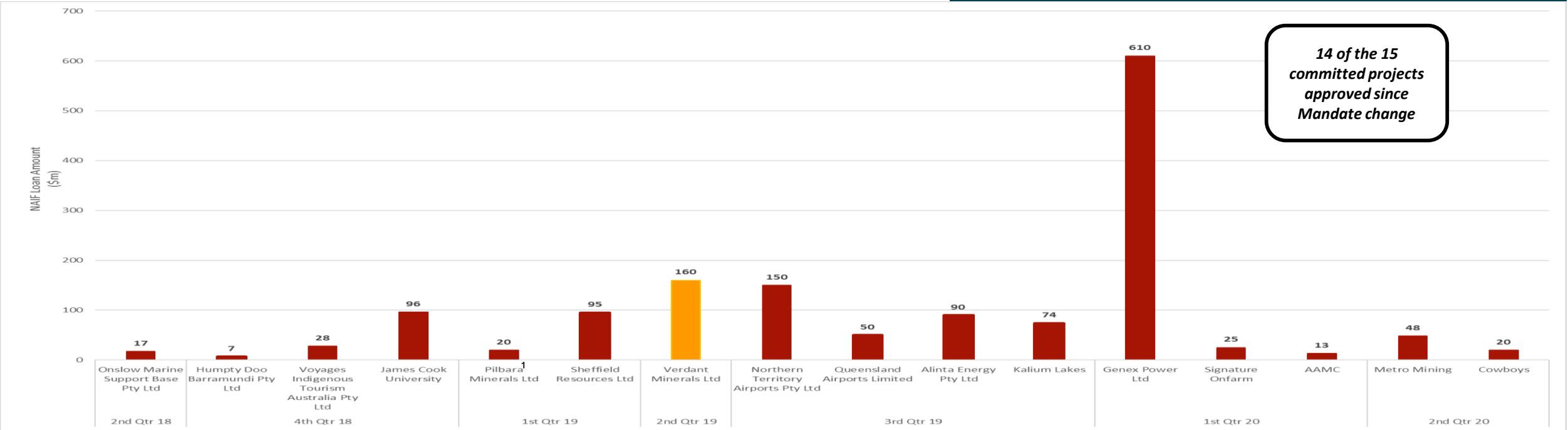
Commitments across all jurisdictions and sectors critical to growth in the north



* ADG across 3 locations

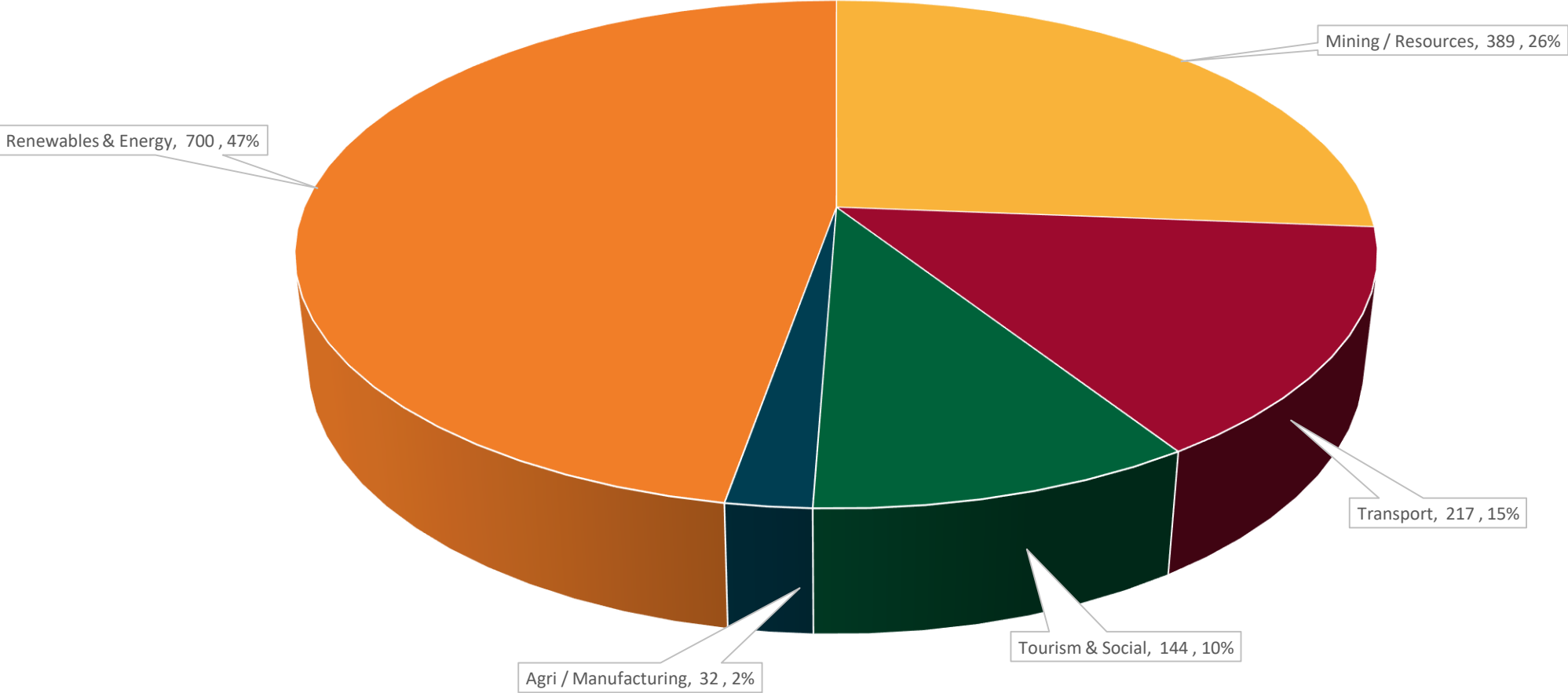


Current NAIF approved projects



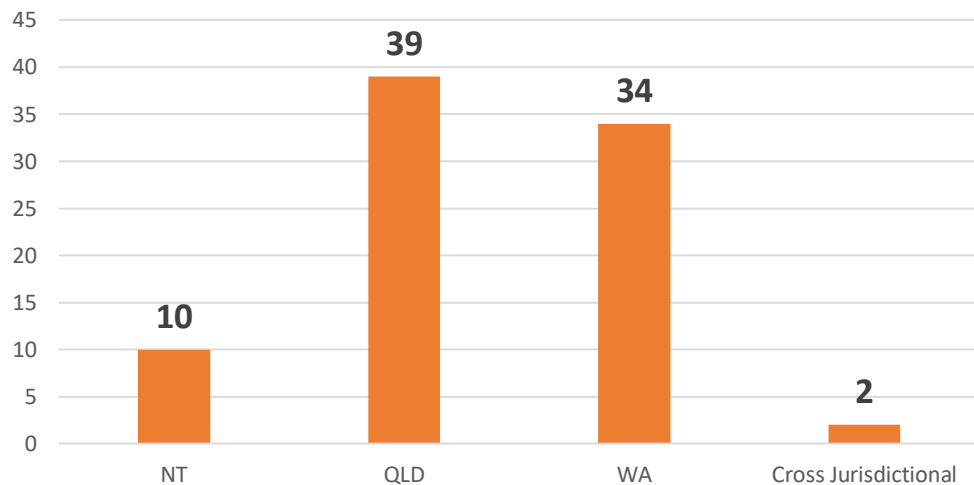
¹The graph includes the Pilbara Minerals Pippingarra Road Investment Decision (NAIF Loan \$19.5m and Project Value of \$25m). Whilst an Investment Decision was made by the NAIF Board it will not proceed to financial close.

Loan commitments by sector

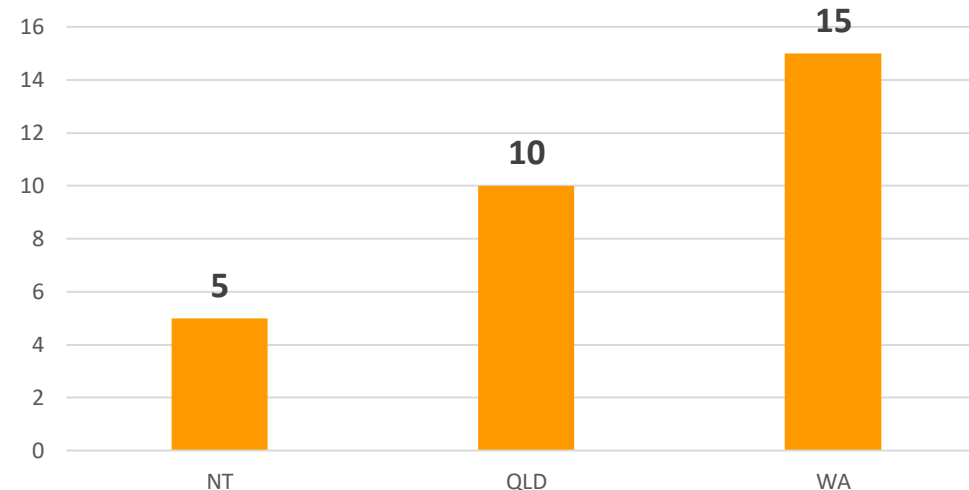


NAIF Pipeline (14 November 2019)

85 Active Project Enquiries

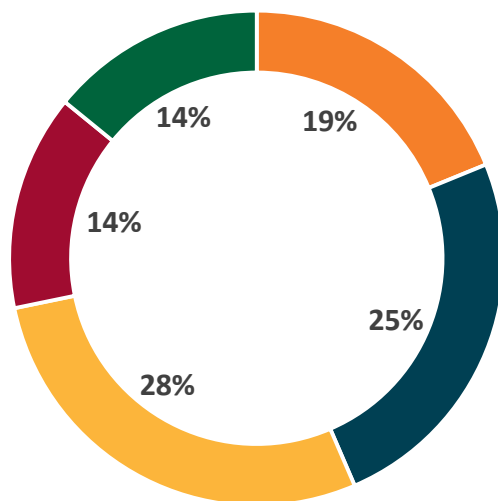


29 Due Diligence Projects



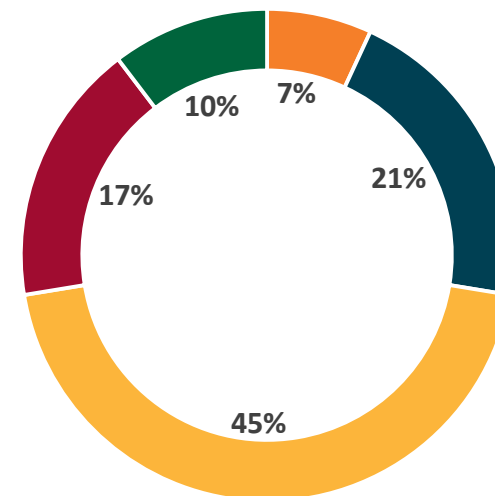
Active Project Enquiries - By Sector

- Energy Generation
- Agri & Man
- Resources
- Transport
- Tourism & Social



Due Diligence Projects - By Sector

- Energy Generation
- Agri & Man
- Resources
- Transport
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Five key facts



NAIF is a loan facility

- Primary financing mechanism is fixed rate, AUD loans.



Independent Board and 5 mandatory criteria

- Board makes Investment Decisions.
- There are 5 mandatory eligibility criteria.



Commonwealth funding but State / Territory lender on record

- Funds flow from Commonwealth through jurisdiction to Project.
- Commonwealth and State government approval required.



Loan size based on 'gap' and appropriate gearing level

- Can lend up to 100% of debt.
- Projects still require equity and appropriate risk sharing.



Required to minimise concessions

- Minimum necessary for project to proceed.
- Size of concessions depend on public benefit of project.

Five mandatory eligibility criteria

The project must:

- 1** Involve the construction or enhancement of infrastructure
- 2** Be of public benefit
- 3** Be located in, or have significant benefit for, northern Australia
- 4** Be able to repay or refinance NAIF's debt
- 5** Have an Indigenous Engagement Strategy

What is infrastructure?

Industry sectors – wide range of eligible asset types

Minerals & Energy

Agriculture

Tourism

Education

Medical

Transport

Types of infrastructure NAIF can support

Water assets

Rail

Roads

Airports

Energy including renewables

Communications

Treatment, Distribution, Storage

Processing facilities

Marinas

Generation, Distribution, Storage

Abattoirs and agriculture processing plants

Training or educational facilities

Health facilities and medical research

Seaports

Associated cargo / storage facilities

Transshipment vessels

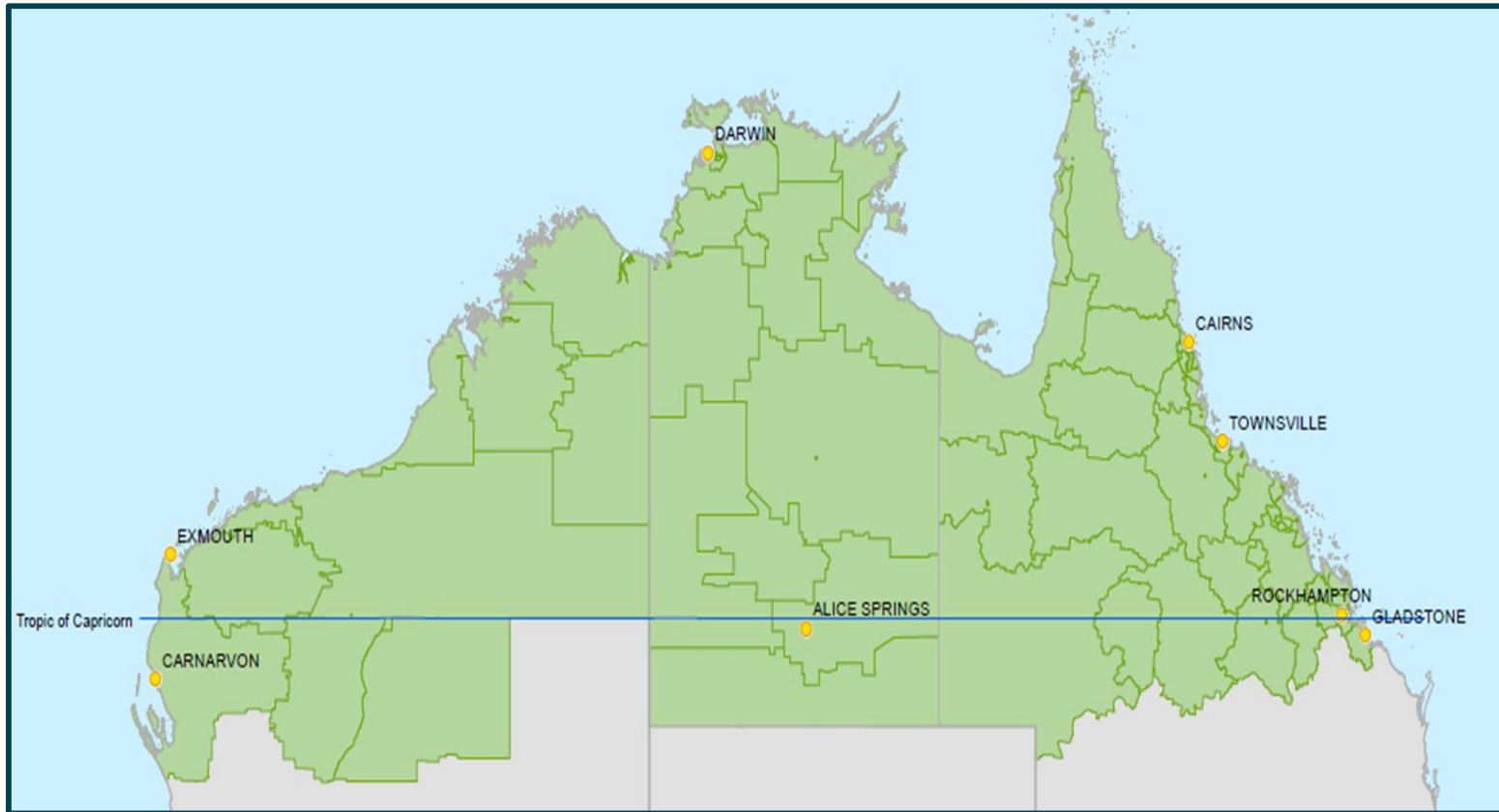


Examples for Energy and Mining Projects

Ore processing, loaders, rail, roads, ports, transshipment vessels, storage, water, training facilities, power generation, transmission.



Northern Australia



The project must:



Be located in the north; or



Provide significant benefit to the north

Other NAIF features

Catalyse project delivery

- **Loan** or alternative financing mechanism. **Qld, WA, NT** Governments are “lender on record”.
- Indicative term sheets to encourage other project participants.

Concessional lender (minimum required for project to proceed)

- NAIF funds not a grant but can be highly **concessional with regard to the public benefit generated**.
- Financing terms may:
 - Have **longer tenors** (up to 30 years)
 - Have **lower interest rates**
 - Be **more patient (e.g. longer interest capitalisation, interest only periods)** to allow ramp up
 - Offer **tailored loan repayment** schedules
 - Be **subordinated** on cash flow or security basis.

Proponent

- **Can be private or public sector.**
- NAIF is not the Proponent.

Equity Capital

- Can be **domestic** or **foreign** ownership. NAIF does not provide equity or feasibility funding.

Non NAIF Debt

- NAIF can partner with other financiers (public and private).
- NAIF aim is to **complement** private sector, not **compete** with it.

NAIF investment decision process



- Project proponents are encouraged to contact NAIF as early as possible to discuss their project, prior to submitting any formal information

Due Diligence

Project Finance v Corporate Loan

- Recourse to project cashflows or corporate balance sheet?

Equity contribution

- No fixed debt to equity ratio requirements
- Project debt capacity determined via assessment of project cashflows and overall risk profile
- Commonwealth must not have majority financial risk in the Project.

Project inputs and sources of revenue

- Certainty of project inputs and allocation of input price and volume risk
- Certainty of project revenue and allocation of output price and volume risk

Technical, Environmental & Social

- NAIF Director, Technical and Environmental
- NAIF Environmental and Social Risk Policy

Loan covenants and Security

- Secured vs unsecured
- Financial covenants and undertakings

Investment Decision and Execution

Veto rights

- Commonwealth
- State / Territory

Loan document negotiation

- From term sheet to long form finance documents
- External lawyers appointed
- Document signing by State / Territory

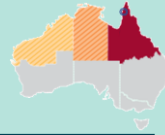
Conditions Precedent and financial close

- Satisfaction of conditions precedent
- CP checklist

Expansion of Metro Mining's Bauxite Hills Mine from 3.5mtpa to 6mtpa

LOCATION

Cape York, Queensland



PROPONENT

Metro Mining

TOTAL PROJECT VALUE

\$57m

NAIF LOAN

Up to \$47.5m

INFRASTRUCTURE

Offshore Floating Terminal

Main component of the expansion comprising around 85% of the total estimated capital costs.

PUBLIC BENEFIT

\$510m over 37 years

60 additional full-time jobs



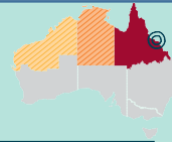
The NAIF Loan facilitates Metro Mining's ability to expand its operations. This will enable Metro Mining to create significant economic benefit and job creation.

Financial assistance is subject to satisfaction of conditions precedent including Queensland Government's consideration and agreement for approved funds to be advanced

Cowboys Community High Performance and Training Centre

LOCATION

Townsville, Queensland



PROPONENT

Cowboys Rugby League Football Limited

TOTAL PROJECT VALUE

\$35m

NAIF LOAN

Up to \$20m

INFRASTRUCTURE

High Performance Centre and Training Field

8,000sqm Cowboys Community, Training and High-Performance Centre and an adjoining 12,000sqm football training field.

PUBLIC BENEFIT

\$202m over 30 years

80 construction jobs

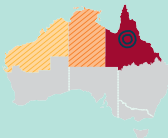
29 operational jobs



Funding support from NAIF was a crucial part of the Cowboys business plan. The economic and social contribution of the development and operations of the centre will have a significant impact on the region.

Construction of beef processing facility near Clermont

LOCATION
Clermont, Queensland



PROPONENT
Signature Onfarm Pty Ltd

TOTAL PROJECT VALUE
\$37m

NAIF LOAN
\$25m

PUBLIC BENEFIT
\$63.5m in economic benefits for the broader community
200 construction jobs
70 ongoing jobs

NAIF’s Value
Unlike commercial financiers, NAIF’s high risk tolerance in relation to factors unique to investing in infrastructure in northern Australia, supported the construction of this greenfield project located in a remote region and allowed it to proceed.



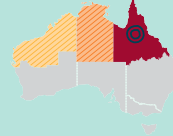
The NAIF loan will **facilitate the establishment in the Isaac Shire region of much needed export-accredited beef slaughter and boning facilities, commercial scale dry aging capability and specialised packaging.** Those are crucial elements for **development of a premium beef product** and will give local beef producers more **avenues to market their beef domestically and internationally.**

Financial assistance is subject to satisfaction of conditions precedent including Queensland Government’s consideration and agreement for approved funds to be advanced

Kidston Project Stage 2, 250MW pumped hydro energy storage scheme

LOCATION

North west of Townsville, Queensland



PROPONENT

Genex Power Limited

NAIF LOAN

Up to \$610m for 30 years (single debt financier).
Approval catalysed interest in project.

INFRASTRUCTURE

186km 275kv **transmission line**.
New **substations switchyard and control building**.
Dam construction.
Powerhouse cavern, two **pump/turbines**.
Upgrade of local **airstrip**.

CO-FINANCIERS

Genex 50% equity
EnergyAustralia 50% equity

PUBLIC BENEFIT

\$814m (to economy and community) including \$235m direct value add for Far North Queensland
510 construction jobs (including supporting transmission line)
Up to **20** operational jobs

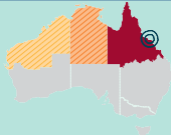


“The support we have received from the NAIF team in advancing the Kidston project has been instrumental in getting the project to the stage it is today – NAIF’s conditional approval for the project in June 2018 brought confidence in the project’s financeability. This has been vital in building the momentum we have achieved with a range of other project participants and stakeholders.”

James Harding
Genex CEO

Redevelopment and expansion of the Townsville Airport Terminal

LOCATION
Townsville, Queensland



PROPONENT
Queensland Airports Limited (QAL)

TOTAL PROJECT VALUE
About \$80m

NAIF LOAN
Up to \$50m

INFRASTRUCTURE
**Terminal refurbishment, including increased lounge capacity.
A new terminal roof.
New core infrastructure (including water, fire and waste facilities).
Additional works.**

NAIF support enabled the acceleration of the latter stages of the redevelopment of Townsville Airport, bringing forward the redevelopment and remaining project works.

PUBLIC BENEFIT
\$82m over 30 years
207 construction jobs
50 operational jobs



“The loan from NAIF paves the way for us to move ahead with this important project, which will address capacity issues for Australia’s 11th busiest airport. The redevelopment has been in the pipeline for several years and the NAIF loan looks set to unlock this opportunity for Townsville and North Queensland.”

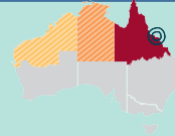
Chris Mills
QAL CEO

Financial assistance is subject to satisfaction of conditions precedent for approved funds to be advanced

Technology Innovation Complex (TIC), a 10,000m² centre for students, industry partners and researchers

LOCATION

Townsville, Queensland



PROPONENT

James Cook University (JCU)

TOTAL PROJECT VALUE

\$174m (JCU Enterprise Bundle)

NAIF LOAN

\$96m

INFRASTRUCTURE

Technology Innovation Complex

NAIF structure provided long-term security, additional flexibility on draw down and repayment.

PUBLIC BENEFIT

\$700m over 30 years

270 construction jobs



*The NAIF loan will finance the Technology Innovation Complex as part of JCU's long-term strategy to **modernise** the Townsville campus, to **accelerate JCU Enterprise Bundle** (the TIC, Townsville Campus Renewal and Townsville Central Plaza).*

Thank you

