

10 October 2022

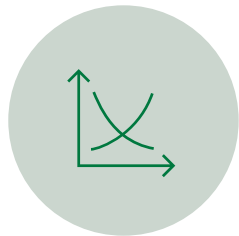
# Draft Water & Land Sales Process/Policies

Investor Presentation

Angus MacDonald and Luke Curtain



*Delivering Solutions, Changing the World.<sup>SM</sup>*



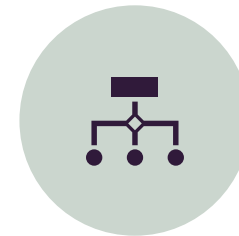
Update on Round 2  
results



Update on water  
and land sales  
process and  
policies for HIP



Outline proposed  
timeframes



Discuss application  
process



Receive feedback  
on options



# ROUND 2 RESULTS

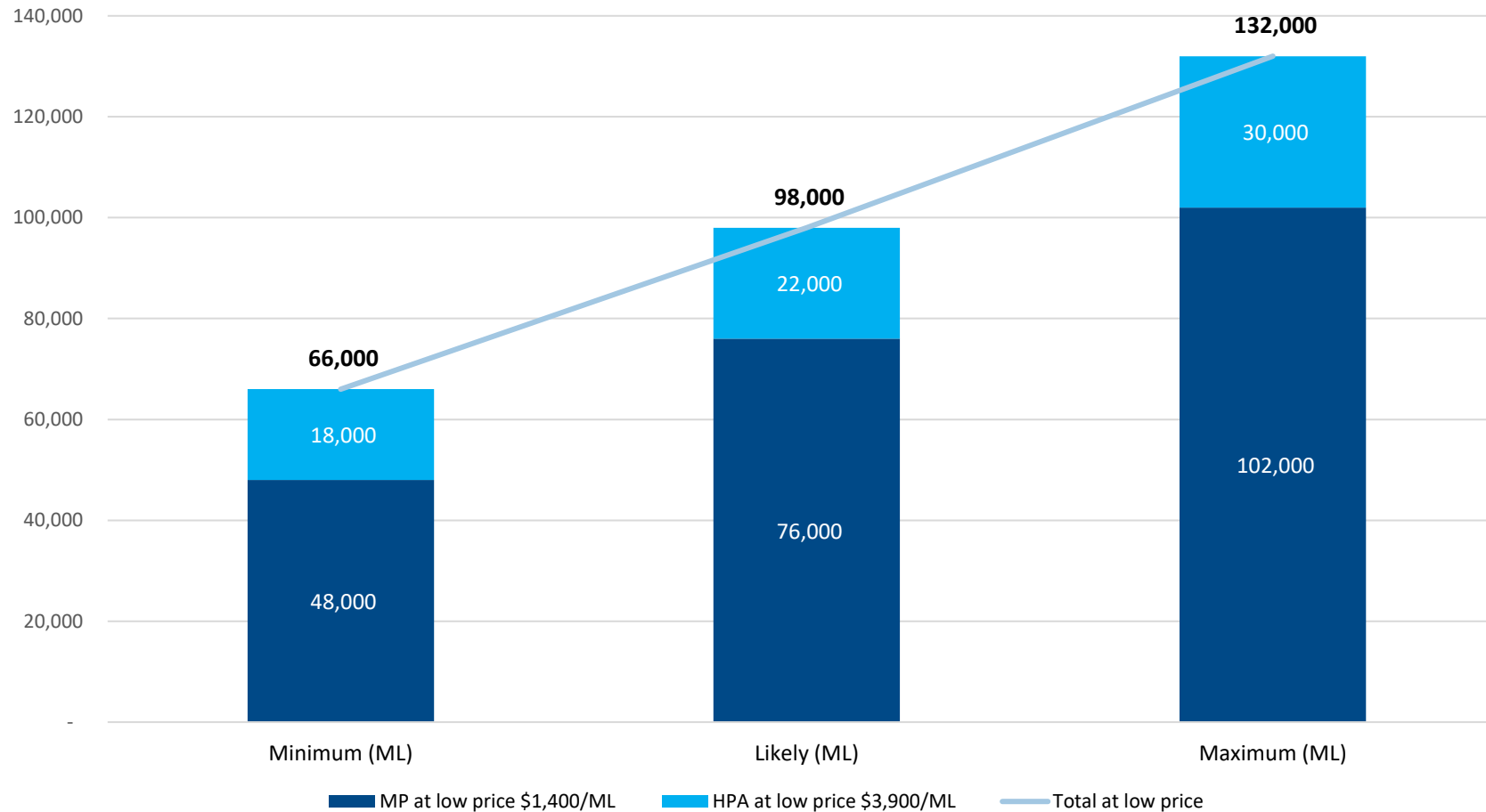
Likely supply based on a mix of MP & HPA is about **60,000 ML**

Up to 74,000 ML medium priority allocations (80% reliability)

Or up to 32,000 ML of high priority agriculture allocations (97.6% reliability)

- HPA water has access to Great Artesian Basin to supplement 50% of monthly high priority demands during periods of shortfall from the dam.

# Water demand (ML) – Even risk adjusted the project is OVERSUBSCRIBED



**Workshops** and future work to address land and water allocation.

**Dealing with oversubscription.**

Upcoming non-binding demand confirmation.

**Binding land and water sales process 2<sup>nd</sup> half of 2023.**



## UPDATED CAPITAL PRICES (POST-ROUND 2)

Land: Most recent sale was @ ~ \$500/acre or \$1,200/ha (Peronne Station 35 km south of Hughenden).

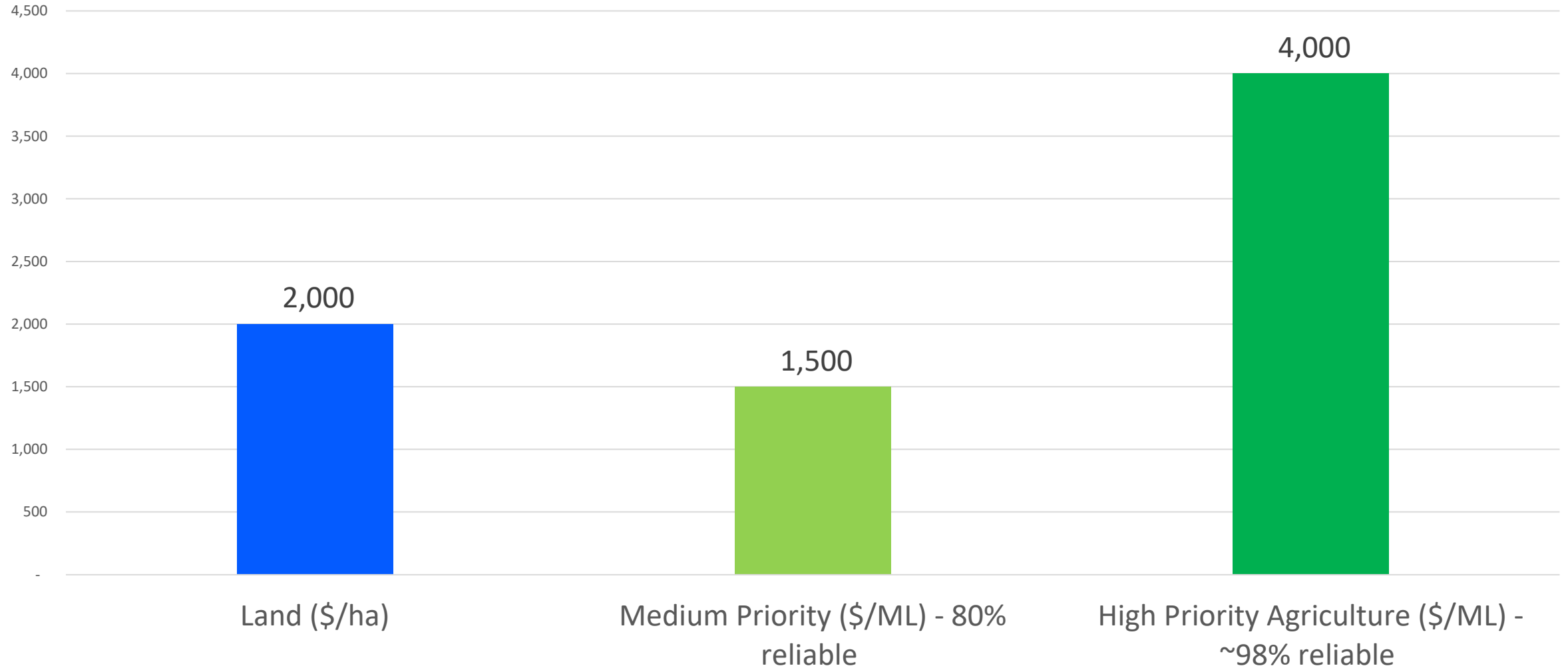
Given that we are 'cherry picking' Dunluce Station and assuming an additional cost for legal and subdivision fees, HIP land may sell to customers for \$1,500 to \$2,000/ha. We will assume up to \$2,000/ha sale price to investors (STC).

**Medium priority water allocations:** The DBC adopted a medium priority water capital price (previously \$1,400/ML) of **\$1,500/ML**.

**High priority water allocations:** The DBC adopted a high priority agricultural water capital price (previously \$3,900/ML), of **\$4,000/ML**.

Based on willingness to pay analysis and desire to increase / maximise capital payments by customers to increase the project's chances of capital funding from government.

# Updated Land & Water Sales - Capital Prices (subject to change)







# LAND & WATER SALES PROCESS / POLICIES

## Long-term prosperity

- For investors and the local community

## Fairness

- Open to all and fair to all

## Proactive transparency

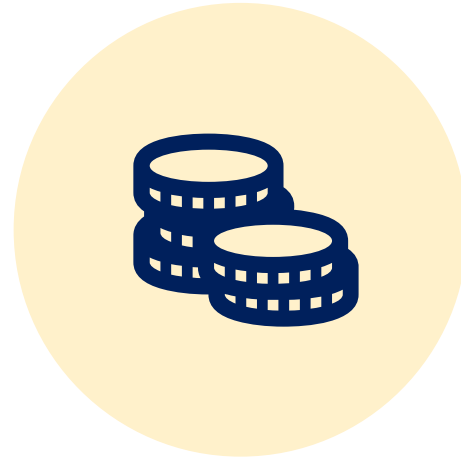
- Decision making process known and actively promoted

## Best practice ESG / IS Framework

- Leading environmental, social and governance frameworks



Raise capital from the private sector

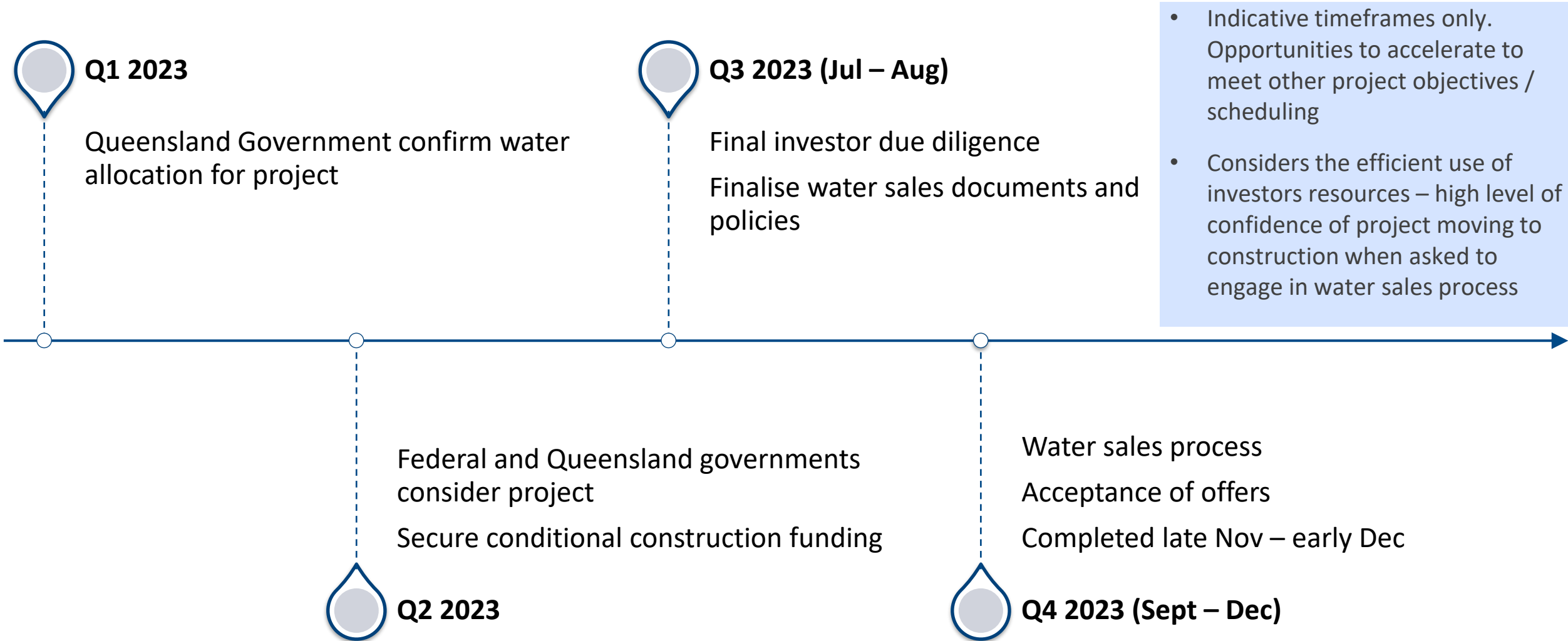


Binding water and land sales prior to construction

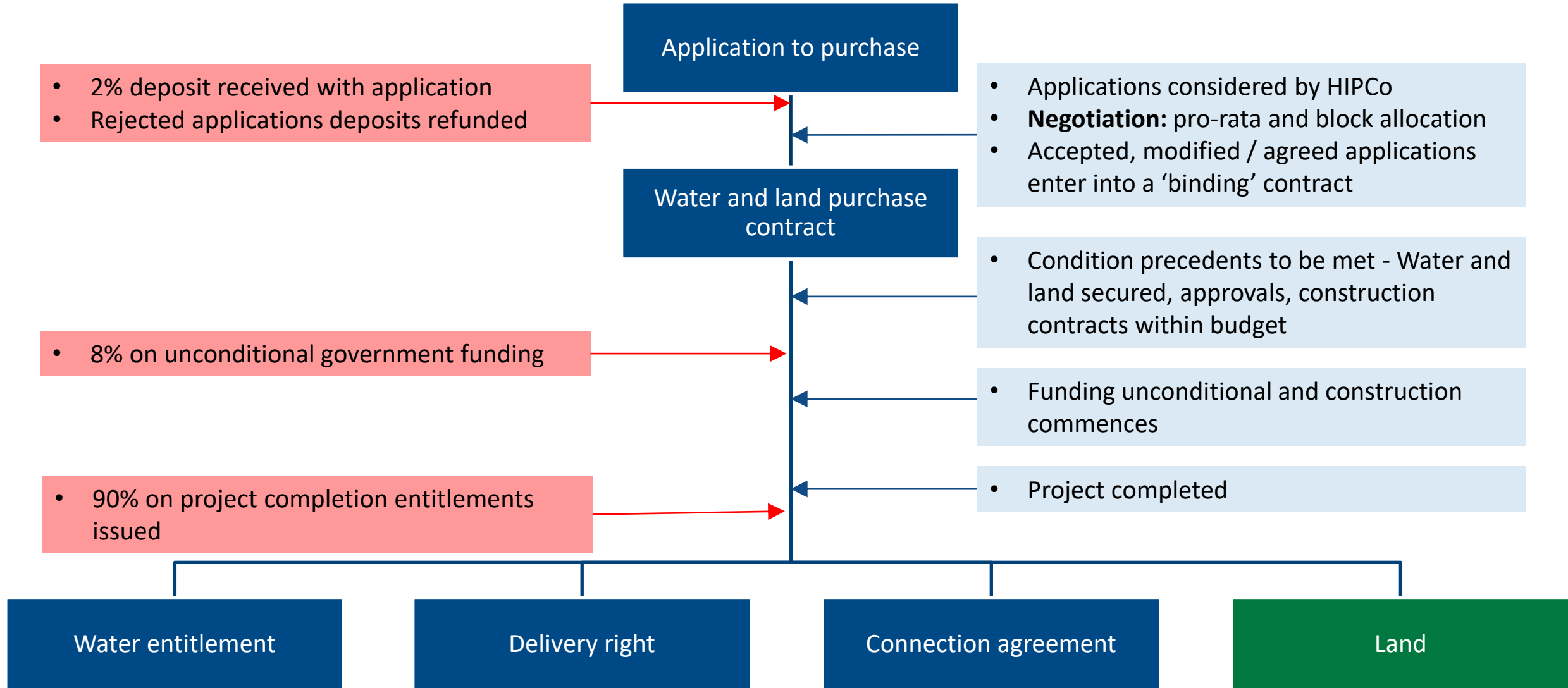


Secure government funding

# Updated water and land sales timeframes (TBC)



# Water and land sales process (TBC)



## Water entitlement

- Authority to take water, and a right to a share of the available water resource under the *Water Act 2000* (Qld)

## Delivery right

- Capacity in scheme infrastructure to have water delivered (ML per day)

## Connection agreement

- Location and conditions of having water delivered
- Including individual farm plans with water, land and carbon modules to support project sustainability

## Land

- Freehold title to a land parcel service by the scheme

# Water and land sales process (TBC)



- RDMW made 110 GL unallocated surface water available from the general reserve in the Flinders River Catchment Area under the Gulf Water Plan
- HIPCo has made a submission to supply 74 GL of customer entitlements to underpin the project
- Upon securing the required water entitlements, HIPCo (or its successor) may temporarily be issued water licence/allocation

Application to purchase

Water and land purchase contract

Water entitlement

Delivery right

Connection agreement

Land

- Upon completion of the water and land purchase contract, the water entitlement is split and provided to purchasers
- A water plan amendment may be required as part of allocation process
- Recorded on the Queensland water titles registry managed by Titles Queensland

# Water and land sales process (TBC)



- Water infrastructure will be constructed with capacity to have water allocations delivered to the boundaries of purchase land
- A delivery right will outline the daily volume of water that can be delivery to a property boundary
- The daily volume is calculated by the purchased volume divided by the min. designed delivery period
- A connection agreement provides the link between water entitlements and land by specifying the location at and terms under which water can be taken

Application to purchase

Water and land purchase contract

Water entitlement

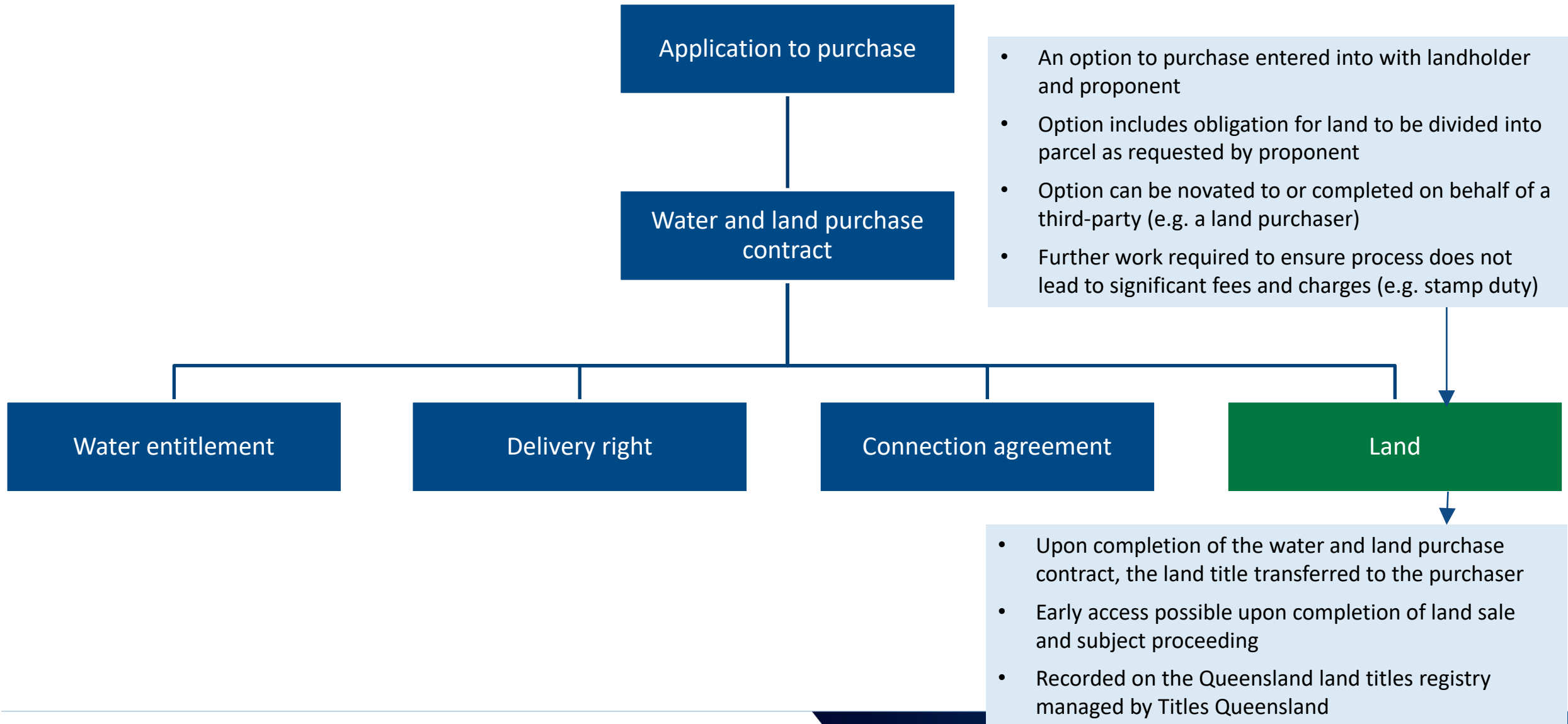
Delivery right

Connection agreement

Land

- Upon completion of the water and land purchase contract, a delivery right and connection agreement is provided to the purchaser
- Recorded on a register established by the proponent to record the issue and transfer of delivery rights





- Subject to legal advice, we are likely to recommend **separate cashflows for land**
  - 2%, 8% and 90% related to water entitlements
  - Separate cash flows for land options premium, deposit and full payment for land.
  
- **Options to consider:**
  - Option 1a (one seller): Fixed price for land – payment to landowner
  - Option 1b (one seller): Minimum price for land – varied payment to landowner
  - Option 2a (two sellers): HIPCo buys land and subdivides and on-sells – fixed price with/without premium for project
  - Option 2b (two sellers): HIPCo purchase of land and subdivides and on-sells – min. price plus premium for project
  
- Decision based on investor and landholder feedback, detailed options analysis and legal and other professional advice

# Water and land sales documents



| Document name  | Brief description  |
|--|--|
| Offer overview (Information Memorandum)                                | <p>Provides an overview of the offer to purchase water and land from the project. Content includes:</p> <ul style="list-style-type: none"><li>• Project and proponent background</li><li>• Relevant government and legislative framework</li><li>• Application process and timetable</li><li>• Key aspects of water products and land</li><li>• Key risks with the project</li><li>• Frequently asked questions.</li></ul> |
| Application form and rules   | <p>Form to be completed by an applicant to purchase water and land from the project.</p> <p>By applying, the applicant makes a binding and irrevocable offer to enter a water and land purchase contract, including the requirement for a non-refundable deposit.</p>  |
| Water and land purchase contract                                       | <p>Contract sets out the terms and conditions purchaser will be granted water entitlements and land as part of the project.</p> <p>Water entitlements and land will be issued on completion of project construction and final payment from purchaser.</p>  |
| Water supply contracts (incl. delivery right and connection agreement) | <p>This contract sets out terms and conditions purchaser will receive water to their land from project.</p>  |
| Deed of Guarantee  | <p>May be required if the proponent requires a guarantee for completion on purchase contract (e.g. proponent may want a grantor if a company is entering into purchase contract).</p>  |

# Water and land sales policies and rules



| Document name                    | Brief description   |
|----------------------------------|---|
| Water sales acceptance policy    | Outlines the process to accept applications to purchase water and land from the project. The policy will address undersubscription or oversubscription of water and land sales during the offer period. |
| Water trading rules              | The rules which the operator will approve an application to transfer water entitlements in the project.   |
| Water distribution rules         | The rules associated with the storage and delivery of water from the project, including continuous sharing.   |
| Continuous sharing guide         | A graphic representation explaining the complexity of the continuous sharing rules with step-by-step graphics and commentary.   |
| Delivery rights guide            | An overview of the compatibility of delivery rights to have what delivered within the scheme's delivery network.  |
| Annual water charging manual     | An outline of the process to set and update annual operating charges for the project.   |
| Draft fees and charges statement | Summary of the draft water allocation charges for all tariffs.  |
| Privacy policy                   | Sets out the policy around the collection and use of private information.   |

## Shelf prices

- Fixed land and fixed MP and HPA water prices
- Binding application

## Expression of interest and commercial negotiations

- **Recommended:** Fixed land and water prices / non-binding expression of interest / commercial negotiations

## Tender and decision

- Min. land and water prices / binding application

## Tender and commercial negotiations

- Min. land and water prices / binding application / commercial negotiations

## Auction (Live tender and decision)

- Min. land and water prices
- Binding process

Fixed price – Land and MP and HPA water

Minimum (floor) price – Land and MP and HPA water

Minimum land price, fixed price MP and HPA water

Fixed land price, minimum price MP and HPA water

No minimum price – Land and MP and HPA water

- **Purpose:** Raise sufficient government and customer funds to build the scheme.
- **Principles**



Long-term prosperity - For investors and the local community



Fairness - Open to all and fair to all



Proactive transparency - Decision making process known and actively communicated



Best practice ESG - Leading environmental, social and governance frameworks

Single application process for all – **non-binding expression of interest and commercial negotiations**

**Fixed price for MP and HPA water**

**Fixed price/s for land** – efficient costs included which is retained by the project to fund initiatives. Subject to legal and accounting advice. Timing of cashflow to be considered.

Other criteria to be developed and engagement





# Contact

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