

ESTIMATES BRIEF

Budget Estimates – October 2022

FACT SHEET

National Intermodal Victorian Terminals (Beveridge & Truganina)

National Intermodal holds an option over 1,100 hectares of land at Beveridge, which is a potential site for the Beveridge Intermodal Freight Terminal. The option expires on 31 March 2023.

GOVERNMENT DECISIONS ON VICTORIAN TERMINALS

- The Australian Government is continuing to work closely with the Victoria Government to settle a terminals solution for Melbourne.
- The previous Government committed s 47 for the delivery of Intermodal terminals at Truganina and Beveridge:
 - s 47 for the Beveridge Intermodal Freight Terminal - 100% Commonwealth funded s 47 as part of 2021-22 MYEFO + \$1.193 billion in 2022-23 Budget).
 - \$740 million for the Western Intermodal Freight Terminal (Truganina) – 50/50 Funding split with Victoria (2022-23 Budget).
- The Commonwealth has also committed to funding associated road and rail connections:
 - \$920 million for Outer Metropolitan Ring Rail connection south.
 - \$150 million for Camerons Lane interchange at Beveridge, consistent with the current Government’s pre-election commitment.
- The previous Government committed to National Intermodal Corporation (previously Moorebank Intermodal Company) being the delivery vehicle for the intermodal terminals required to support Inland Rail.
- The new intermodal terminals in Victoria and Brisbane will be considered as part of the independent review into the delivery of Inland Rail being led by Dr Kerry Schott AO.

BEVERIDGE OVERVIEW:

- National Intermodal currently has an option overland at Beveridge which is due to expire on 31 March 2023.

Option Snapshot	
Option Issuer	§ 47G
Underlying asset	Agricultural land - 1,100 hectares, comprising two properties over five land titles 40 kilometres north of Melbourne
Date agreed by National Intermodal	26 March 2022 (ASX announcement: 28 March 2022, <u>Att A</u>) Acquired from Qube Holdings Limited (original option holder)
Option cost	\$3.67 million (plus estimated stamp duty and transaction costs of \$0.52 million) which will be offset against the purchase price if acquired.
Option extension	Details not publicly released – including costs
Option Expiry	Original expiry: 21 September 2022 An extension to the original option has been negotiated to 31 March 2023.

OTHER KEY POINTS:

Background	
Original option agreement	Originally negotiated between Qube and the land owner in 2018 on commercial terms and on an arm's length basis.
Acquisition by National Intermodal	<p>In 2021-22, National Intermodal negotiated to acquire from Qube as a condition of consent to sale of Qube's warehousing and land interests in the Moorebank Logistics Park to LOGOS. The acquisition included:</p> <ul style="list-style-type: none"> • the option rights to the Beveridge land; and • associated designs, plans and other intellectual property for the development of a corresponding Interstate Freight Terminal developed by Qube for the site. <p>A secondary option was granted by National Intermodal to Qube allowing it to buy back up to 200 hectares of developable land. Exercise of this option would be for consideration materially consistent with the price paid by National Intermodal to acquire the land and is conditional upon National Intermodal exercising its option to acquire the land.</p> <ul style="list-style-type: none"> • Qube has repurchase rights in the event National Intermodal does not exercise its option to acquire the land.

<p>Consideration</p>	<p>The costs for National Intermodal to acquire the option included:</p> <ul style="list-style-type: none"> • \$3.67 million paid to Qube, comprising pro-rata share of historical costs incurred by Qube to acquire and maintain the option, and capped development expenses incurred to date; and • \$0.52 million stamp duty and transaction costs (including due diligence).
<p>Rationale for acquisition</p>	<p>The land under option is a potential site for the Beveridge Interstate Freight Terminal, as earmarked in the Victorian Government’s Freight Plan.</p> <p>Acquiring the option rights to the large strategic landholding at Beveridge would de-risk land acquisition and development timeframes for a new intermodal terminal required in Melbourne to service Inland Rail.</p> <ul style="list-style-type: none"> • The existing intermodal terminals in Melbourne are not capable of servicing the proposed Inland Rail reference trains and will not have the capacity to meet the growth in the freight task.
<p>Value for money</p>	<p>The option rights and associated intellectual property were acquired from Qube at a discount from the costs Qube actually incurred.</p> <ul style="list-style-type: none"> • The original option price paid by Qube was \$4.0 million, plus significant additional costs for site assessments and development planning.
<p>Due diligence</p>	<p>The decision to acquire the options was supported by initial land valuations undertaken by Savills and Cushman and Wakefield.</p> <p>National Intermodal is undertaking further due diligence to support a final decision to acquire the land.</p> <p>Further questions about National Intermodal’s due diligence processes should be directed to National Intermodal.</p>

Cleared by: Rachel Figurski, A/g Assistant Secretary
Last Updated: 1 November 2022