

March 2025

Minumbra Pty Ltd

Written by Matthew Macreadie

IAM have secured a parcel of the Senior Secured term loan for Minumbra Pty Ltd paying a fixed coupon of 12.5% maturing 30 June 2028. Our team notes that since the initial placement, the Bluff lease has been renewed with a new counterparty, so it is not a risk for investors. It has been renewed via a 10 year take or pay (ToP) agreement with a new counterparty at a higher rate than the previous tenant, which is *credit positive*. Minumbra have continued to deliver as IAM expected with regards to the Curragh acquisition (increasing CFAD's for lenders) and the experience of the management team has been evident as they continue to deliver on important milestones for the business and maintain adequate (improving) headroom to financial covenants.

Relative Value

Recent comparable issues have tightened considerably in credit spread, following the broader market tightening over the last 12 months. Although Minumbra has "rallied" slightly, the magnitude of that move is inconsistent with its fellow issues. Importantly, Minumbra is an amortising loan, reducing credit and refinance risk over the life of the issue.

Looking at current dynamic markets, we'd highlight Minumbra has lagged the broader market tightening in credit spreads for similar credit profiles. Interestingly, whilst the broader market has tightened 250-300bps, the Minumbra Term Loan has moved only 100bps. For example, when looking elsewhere at coal-related infrastructure names, Coronado Resources has a 5-year USD senior secured bond with a coupon of 9.25%, which is trading around 103. Coronado Resources are a metallurgical coal miner that operates mines in Australia and the United States. We'd point out that last year Minumbra bought the Coronado Accommodation Assets from Coronado as part of a game-changing acquisition for the company. This significantly improved Minumbra's business and financial profile, whilst offering extra return currently yielding 11.40%.

See pricing below, available in 50k AUD minimums with settlement (funds due) mid-March.

Transaction Pricing

Buy	
Issuer:	MINUMBRA PTY LTD
ISIN:	AUMINUMBRA23
Security Name:	MINUMBRA 12.5 30Jun2028
Payment Rank:	Secured
Sector:	Basic Materials
Coupon Type:	FIXED
Coupon:	12.50%
Current Coupon:	12.50%
Maturity Date:	30-Jun-28
Duration:	2.65
Margin:	7.67%
Yield:	11.40%
Running Yield:	12.14%
Bond Factor	0.978196
Face Value:	50,000
Settlement Date:	20-Mar-25
Capital Price:	103
Consideration:	50,377.11
Accrued Interest:	1,323.24
Total Consideration:	51,700.35

December 2024 Quarterly Management Report:

- The Debt Service Coverage Ratio for the calculation period ending 30 December 2025 was 1.52x (Covenant of 1.2x).
- The Value to Loan Ratio on the calculation date of 30 December 2025 was 1.84x.
- The Cash Flow Available for Debt Service (CFADS) for the calculation period ending 30 December 2025 was A\$1,279,313
- The Total Debt Service for the calculation period ending 30 December 2025 was A\$1,091,725
- The Free Cash Flow for the calculation period ending 30 December 2025 was A\$187,588

About the Issuer

Minumbra is an Australian owned and operated, privately held entity that provides tailored accommodation solutions to regional infrastructure projects in remote regions. Over the last 25 years, Minumbra has delivered 7 mining villages and over 2,300 accommodation units to infrastructure, mining and energy companies (note some have subsequently been sold – thus, there are currently 2,200 rooms). Minumbra has also operated and owned pipelines and coal washeries. Minumbra's prime focus is to build, own and operate regional infrastructure that is strategic to operating top tier Australian based mines and energy projects.

Minumbra's long-term clients have included: OZ Minerals, Peabody Energy Australia, Rio Tinto Alcan, Jellinbah Mining, Queensland Rail, Yarrabee Coal and MACA Mining and Bluff PCI. Minumbra has no thermal coal exposure and tends to work with mining or energy clients to provide a solution for their needs, rather than providing an "off-the-shelf" option. Minumbra has a long-term operating relationship with blue chip service providers including Sodexo, ESS Compass, Cater Care and Transnational Group.

Integral to Minumbra's operating model are the take or pay (ToP) contracts with well-rated infrastructure and mining counterparties. Structuring as a ToP contract ensures a minimum level of contracted revenue is received, with no volume risk. The ToP contracts also allow for operating and inflationary costs to be passed on to the tenant. In the stressed event whereby one of Minumbra's customers terminates, the ToP contracts contain termination provisions where a lump sum is paid as compensation equal to the present value of future cashflows.

Documents

(available on request)

- Initial IAM Credit Opinion (pre-Curragh Acquisition) – May 2023
- Updated IAM Credit Opinion (post Curragh Acquisition) – June 2023
- IAM Credit update (June 2024)

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