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ASX Announcement

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QUBE ANNOUNCES \$500 MILLION ENTITLEMENT OFFER TO PROVIDE ADDITIONAL BALANCE SHEET FLEXIBILITY TO CONTINUE TO PURSUE GROWTH OPPORTUNITIES

Key points:

- **1 for 6.35 fully underwritten accelerated non-renounceable pro rata Entitlement Offer to raise approximately \$500 million**
- **Provides significant balance sheet flexibility with over \$1,150 million in liquidity following the Entitlement Offer and other initiatives¹**
- **Funding to support continued investment in Qube's core business, including growth capital expenditure on recent contract wins and strategic acquisitions. Additional opportunities expected to arise in the current environment**
- **Ongoing momentum in leasing and development at the Moorebank Logistics Park. Significant upcoming tenancy milestones at Moorebank Precinct West demonstrate continued development of the site. Property partnering / monetisation initiative progressing**
- **Diversified business model remains resilient despite COVID-19 and continues to generate solid earnings and cash flow from diversified essential logistics activities**

To provide additional balance sheet flexibility to continue to pursue growth opportunities, Qube Holdings Limited ("**Qube**") today announces the launch of a \$500 million fully underwritten 1 for 6.35 accelerated non-renounceable entitlement offer at \$1.95 per share (the "**Entitlement Offer**").

Qube Managing Director, Maurice James, said:

"Despite the near term challenges of COVID-19, our diversified business remains resilient and our long term strategic growth priorities remain unchanged.

Qube has a long track record of investing across its core business, including through acquisitions to diversify its capabilities and operations and provide a platform for long term earnings growth. We

¹ Liquidity as 31 March 2020 taking into account pro-forma adjustments for the Entitlement Offer, \$200 million of additional liquidity facilities from existing lenders, which are being progressed through final credit approvals and/or documentation and net of FY20 interim dividend.

maintain a significant pipeline of organic and inorganic opportunities, and only expect this to increase in the current environment.

The Entitlement Offer announced today will leave us conservatively geared, with significant balance sheet flexibility and liquidity to continue to pursue this robust growth agenda.”

Liquidity and near term capex

As at 31 March 2020, Qube had liquidity (cash and undrawn facilities) of \$470 million after adjusting for the FY20 interim dividend, with no near term debt maturities, and material headroom to its covenants. Qube is also in advanced stages of finalising commitments with existing lenders for \$200 million in additional facilities. In combination, with the Entitlement Offer, these initiatives will provide Qube with over \$1,150 million of total liquidity.

This liquidity will support funding of the anticipated ~\$420 million of minimum expected capital expenditure over the period from April 2020 to June 2021, including:

- maintenance capex
- capex to support Bluescope, Shell, BHP Nickel West contracts and new equipment to support growth and productivity across the Operating Division
- completion of additional warehousing at Moorebank Precinct East
- land preparation and precinct infrastructure works at Moorebank Precinct West to support the potential major new tenant and progression of the IMEX automation

The Entitlement Offer will also support additional growth opportunities across the business, including new contracts and projects across the Operating Division, strategic acquisition opportunities and potential accelerated warehousing development at the Moorebank Logistics Park expected to be driven by the finalisation of the agreement with the potential major new tenant.

Pro forma for the Entitlement Offer, gearing will decrease from 35.2% to 24.2%², (compared to Qube's long term target range of 30 – 40%).

Continued investment in the core business and growth opportunities

Qube continues to win new business and expand the scope of services provided to existing customers within the Operating Division.

In FY20, Qube has undertaken capex to support several attractive new growth contracts, including with:

- BlueScope Steel Limited to provide East Coast interstate steel train services and intermodal terminal operations at Qube's North Dynon facility in Melbourne
- Shell Australia to provide supply base management, as well as various other logistics services
- BHP Nickel West which includes the construction and maintenance of a haul road and the provision of nickel ore haulage services

In addition, Qube continues its strong track record of delivering growth in its core businesses and through acquisitions and is delivering synergies and operational benefits from recent transactions, including:

² Gearing ratio calculated using 31 December 2019 Balance Sheet results, excluding the impact of AASB 16 and adjusting for the Entitlement Offer.

- the acquisition of the remaining 52.8% interest in Quattro Grain JV Qube did not previously own
- the acquisition of New Zealand based NFA Holdings, which will provide Qube with additional geographic diversification, increased scale in its forestry operations and adds capabilities and equipment
- the acquisition of Chalmers to further develop Qube's logistics business in both Victoria and Queensland
- the acquisition of LCR Group, which provides Qube with the ability to deliver enhanced mining and industrial services to its existing and future customers

Qube continues to assess an attractive pipeline of strategic organic and inorganic growth initiatives, and expects additional growth opportunities to arise in the current environment.

Significant ongoing progress at the Moorebank Logistics Park

Leasing and development momentum continues at the Moorebank Logistics Park with a number of significant recent milestones being achieved at the precinct. Train services have commenced at the IMEX terminal, along with tenant operations including the Target distribution centre and Caesarstone (in Warehouse 3). The Target distribution centre involved construction of one of the largest single rooftop solar panel installations in Australia, which is now providing power to tenants.

The high level of activity is continuing in the second quarter of 2020 as warehouse and rail activities begin to ramp up while warehousing construction on Moorebank Precinct East and precinct works on Moorebank Precinct West advance. Progress also continues to be made with potential tenants for Warehouse 4 and the remaining space available in Warehouse 3. An Agreement for Lease is under final negotiation for Warehouse 4B with ATS Building Products Pty Limited (ATS) and occupancy expected in May 2020.

As an update to Qube's ASX disclosures of 25 February and 6 April, the terms of formal agreements have now been settled with a potential major tenant for a material part of Moorebank Precinct West. The agreements remain subject to its board approval and contractual exchange, both of which are expected to occur in due course.

The development and lease would represent a key milestone for the project and confirms the significant logistics benefits of the site. The potential marquee tenancy is expected to drive further tenant interest in the Moorebank Logistics Park and accelerated growth in warehousing.

Qube continues to assess funding and ownership options for Moorebank and its other property assets to realise some of the substantial value created and reduce Qube's future funding requirements. Indicative offers have been received from a high quality group of bidders / partners that Qube believes have the ability to understand and appropriately value the project. Importantly, these parties also have the ability to bring additional strategic value to the project.

A shortlisted group of parties is now proceeding in the second stage of the process. While the process is expected to take several months as it progresses alongside the ongoing development and leasing activities on the Moorebank site, Qube may accelerate the process for the fully leased Minto properties.

Qube will only undertake a transaction where the Board determines that it is in the best interests of the project and shareholders to do so, having regard to the unique attributes of the Moorebank Logistics Park and the substantial future value expected to be created as the project progresses. There is no certainty that any transaction will proceed.

COVID-19 and trading update

As announced at its update on 6 April 2020, a number of near term impacts associated with COVID-19 are being experienced in several of Qube's markets. However, Qube's business model remains resilient and continues to generate solid earnings and cash flows from its diversified and essential logistics activities and its investment in long term strategic growth priorities remains unchanged.

Qube continues to work with its customer base to ensure the continued reliable delivery of key services and business continuity plans have been put in place. Qube has implemented a range of operational responses to COVID-19, including an immediate reduction in costs including significant reductions in fixed remuneration of Management and Board fees from 1 April to 30 June. Plans are also being implemented to reduce costs further in FY21 commensurate with the downturn in activity levels.

Due to continued uncertainty and impact of the COVID-19 pandemic, Qube is not in a position to provide an earnings outlook for FY20 to the market at this time.

Further details of the Entitlement Offer

Qube is undertaking a \$500 million fully underwritten 1 for 6.35 accelerated non-renounceable entitlement offer at \$1.95 per share. The offer price represents a 10.3% discount to the Theoretical Ex-Rights Price ("TERP") of \$2.17³ and a 11.8% discount to Qube's last closing price of \$2.21⁴.

The Entitlement Offer will result in approximately 256 million new shares being issued, representing approximately 15.7% of Qube's existing issued capital. New shares issued will rank equally with existing shares.

Eligible Retail shareholders will have the ability to apply for additional new shares up to 100% of their entitlement under a 'Top-up Facility' (subject to scale back, at Qube's discretion).

The Qube Directors who are eligible to participate in the Entitlement Offer have each confirmed their intention to subscribe for their respective entitlements. Taverners Group has also indicated that it intends to subscribe for all of its entitlement.

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch and Merrill Lynch Equities (Australia) Limited.

³ Calculated based on a closing price for Qube shares of \$2.21 on 24 April 2020, rounded to 2 decimal places.

⁴ The closing price of Qube on ASX on 24 April 2020.

Offer timetable

A timetable of key dates in relation to the Entitlement Offer is set out below. The timetable is indicative only and dates and times are subject to change without notice.

Event	Date
Trading halt	Monday, 27 April 2020
Announcement of details of the Entitlement Offer	Thursday, 30 April 2020
Institutional Entitlement Offer bookbuild	Thursday, 30 April 2020
Suspension of shares at ASX request ⁵	Friday, 1 May 2020
Shares recommence trading on ASX	Monday, 4 May 2020
Record date for Entitlement Offer (7:00pm Sydney time)	Monday, 4 May 2020
Retail Entitlement Offer opens	Thursday, 7 May 2020
Institutional Entitlement Offer Settlement Date	Monday, 11 May 2020
Institutional Entitlement Offer Allotment & Trading Date	Tuesday, 12 May 2020
Retail Entitlement Offer closes (5:00pm Sydney time)	Thursday, 21 May 2020
Retail Entitlement Offer Allotment Date	Thursday, 28 May 2020
Retail Entitlement Offer Trading Date	Friday, 29 May 2020

Additional information

Further details on the Entitlement Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Authorised for release by:

The Board of Directors, Qube Holdings Limited

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⁵ Suspension of Qube ordinary shares at the request of ASX to enable ASX's processing of the accelerated Entitlement Offer in CHESS due to the launch date of the Entitlement Offer coinciding with the month end processing for CHESS purposes.

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Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward looking statements include statements regarding the timetable, conduct and outcome of the Entitlement Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of the Group, statements about the markets in which the Group operates and statements about the future performance of the Group's businesses.

You are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward looking statements are provided as a general guide only. The forward looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group. Refer to the key risks in Appendix A of the Investor Presentation lodged concurrently with this announcement for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including Qube or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Qube disclaims any obligation or undertaking to update forward looking statements in this announcement to reflect any changes in expectations in relation to any forward looking statement or change in events, circumstances or conditions on which any statement is based.