QUBE HOLDINGS LIMITED
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25 August 2022

ASX Announcement

Appendix 4E and Annual Report - FY22

Attached are the following for the year ended 30 June 2022:

- Appendix 4E
- Annual Report

Authorised for release by:

The Board of Directors, Qube Holdings Limited

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QUBE HOLDINGS LIMITED

(ABN 14 149 723 053)

APPENDIX 4E Full Year Report 30 June 2022

Results for Announcement to the Market

Set out below are the statutory results for Qube Holdings Limited (Qube) and its controlled entities for the year ended 30 June 2022.

It is noted that sale of the warehouse and property assets of the Moorebank Logistics Park (MLP Property Assets) project were completed on 15 December 2021.

In the statement of comprehensive income, the net contribution from the MLP Property Assets and the costs associated with the discontinuation of the Property Division are shown as profit after tax from discontinued operations. These earnings are excluded from the financial information relating to Qube's continuing operations.

The table below highlights that Qube reported a $127.5 million statutory net profit after tax attributable to members for the year, which includes the contribution from the discontinued operations. However, when the earnings from the discontinued operations are excluded, the statutory result from continuing operations is a net profit of $135.7 million.

Statutory Information	**FY 2022 $'m**	**FY 2021 $'m**	**Movement**
Revenue from ordinary activities	**2,505.7**	1,962.9	27.7%
Revenue from ordinary activities (including discontinued operations)	**2,517.8**	2,177.4	15.6%
EBITDA[1,]	**480.0**	181.3	164.8%
EBITDA[1,] (including discontinued operations)	**474.9**	380.5	24.8%
Profit/(Loss) after tax for the year from continuing operations	**135.7**	(43.8)	-409.8%
Net profit after tax attributable to members	**127.5**	91.6	39.2%
Interim dividend per share (fully franked)	**3.0c**	2.5¢	20.0%
Final dividend per share (fully franked)	**3.3c**	3.5¢	-5.7%
Special dividend per share (fully franked)	**0.7c**	-	n/a
Total dividend for the year	**7.0c**	6.0c	16.7%
Basic and Diluted EPS from continuing operations	**7.1c**	(2.3¢)	n/a
Basic and Diluted EPS (including discontinued operations)	**6.7c**	4.8¢	39.6%

[1] EBITDA is statutory net profit before tax adjusted to remove share of profit of associates, net finance costs, depreciation and amortisation.

* The underlying information excludes certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying 'information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

Underlying information is determined as follows:

FY22 Underlying revenues and expenses are statutory revenues and expenses adjusted to certain discontinued operations and other non-cash and non–recurring items in order to more accurately reflect the underlying performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.

FY21 Underlying revenues and expenses are as previously reported as they were considered underlying in that period. Therefore whilst they are calculated on a basis consistent with FY22, they have not been adjusted to remove discontinued operations revenue and EBITDA of $23.7 million and $3.1 million respectively.

Underlying information*	**FY 2022 $'m**	**FY 2021 $'m**	**Movement**
Underlying Revenue	**2,572.8**	2,032.4	26.6%
Underlying EBITDA	**388.8**	325.6	19.4%
Underlying EBITA	**221.1**	182.9	20.9%
Underlying net profit for the year attributable to members	**185.7**	142.5	30.3%
Underlying net profit for the period attributable to members pre-amortisation	**200.7**	159.6	25.8%
Underlying diluted EPS	**9.8c**	7.5¢	30.7%
Underlying diluted EPS pre-amortisation	**10.6c**	8.4¢	26.2%
Full year dividend per share (fully franked)	**7.0c**	6.0¢	16.7%

Further commentary on the performance of Qube and its operating businesses is set out in the financial statements and ASX announcement issued with this Appendix 4E.

* References to 'underlying 'information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

A reconciliation of the statutory results to the underlying results for the year ended 30 June 2022 and the prior comparable period is presented below:

	2022 $'m	2021 $'m
Revenue and other income (Statutory)	**2,517.8**	**2,177.4**
Intercompany trading	70.1	50.2
Fair value gains	(7.0)	(202.1)
Minto sale adjustment	-	2.8
Acquisition adjustment	1.0	2.8
Discontinued Operations	(12.1)	-
AASB 16 leasing adjustments	1.3	1.3
Other	1.7	-
Underlying revenue	**2,572.8**	**2,032.4**
Net profit before income tax (Statutory)	**217.9**	**122.6**
Share of equity accounted investments profit	(29.5)	(14.1)
Net finance cost	28.3	37.3
Depreciation & amortisation	258.2	234.7
EBITDA (Statutory)	**474.9**	**380.5**
Impairment of investment in associate	-	11.1
Impairment of loan to associate	2.1	3.8
Impairment of property, plant and equipment	-	202.2
Minto sale adjustment	-	2.8
Discontinued operations	8.5	-
Gain on sale of discontinued operations	(3.3)	-
Fair value loss on non-current assets	5.6	-
Quattro acquisition adjustment	-	2.8
Fair value gains	(7.0)	(202.1)
AASB 16 leasing adjustments	(97.8)	(93.6)
JobKeeper repayment	-	16.9
Acquisition costs	-	0.6
Other	5.8	0.6
Underlying EBITDA	**388.8**	**325.6**
Underlying Depreciation	(167.7)	(142.7)
Underlying EBITA	**221.1**	**182.9**
Underlying Amortisation	(6.8)	(10.8)
Underlying EBIT	**214.3**	**172.1**
Underlying net finance cost	(6.9)	(3.5)
Share of profit of equity accounted investments	29.5	14.1
Underlying adjustments to equity accounted investments:		
Underlying adjustments AASB 16 leasing	14.6	14.0
Underlying adjustments other	(2.8)	(3.4)
Underlying share of profit of equity accounted investments	**41.3**	**24.7**
Underlying net profit before income tax	**248.7**	**193.3**
Underlying Income tax expense	(62.2)	(50.6)
Underlying net profit for the year	**186.5**	**142.7**
Underlying non-controlling interests	(0.8)	(0.2)
Underlying net profit after tax attributable to members	**185.7**	**142.5**
Underlying net profit after income tax attributable to members pre-amortisation[1]	**200.7**	**159.6**
Underlying diluted earnings per share (cents per share)	**9.8¢**	7.5¢
Underlying diluted earnings per share pre-amortisation (cents per share)	**10.6¢**	8.4¢

[1] Underlying net profit after tax pre-amortisation, includes an adjustment for Qube's proportionate share of Patrick amortisation expense net of tax.

The table above has been extracted from note 2 of the financial statements but is un-audited.

Dividend Information

	Amount (cents per share)	Record Date
Final dividend - fully franked	3.3	20 September 2022
Special dividend – fully franked	0.7	20 September 2022
Payment date	18 October 2022	

Qube paid a fully franked interim dividend of 3.0 cents per share for the half year ended 31 December 2021 on 8 April 2022. A fully franked final dividend of 3.5 cents per share for the year ended 30 June 2021 was paid on 22 October 2021.

Dividend Reinvestment Plan

The DRP has been suspended for the dividends payable on 18 October 2022.

Net Tangible Asset Backing per Share

The net tangible asset backing per share is $1.18 (2021: $1.30 per share).

Additional Information

Additional Appendix 4E disclosures can be found in the notes to the Financial Report.

This Appendix 4E report is based on the 30 June 2022 Financial Report which has been subject to an audit by PwC, with an unqualified opinion.

QUBE

ANNUAL REPORT 2022

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Chairman's Message

As Chairman of Qube, I'm pleased to report that the company has delivered strong financial results despite the challenging market conditions resulting from the pandemic, border closures, skilled labour shortages and weather events that presented in FY22.

The continued commitment of the company's management, employees and contractors to deliver operational performance and efficiency improvements has been fundamental to the strong revenue and underlying earnings growth. The result has been achieved through solid organic growth in the Operating Division and margin improvement in the Patrick business as well as contribution from acquisitions and higher volumes across the majority of Qube's core markets.

As a result, the company delivered strong underlying revenue growth of 26.6% with underlying earnings growth (EBITA) of 20.9% and record underlying NPATA up 25.8%

Once again, the company's commitment to a diversified logistics strategy across balanced geographic locations has underpinned sustainable earnings growth.

The Board was able to increase dividends by 16.7% to 7.0 cents per share fully franked, inclusive of a 0.7 cents per share special dividend.

Key Results

- Statutory revenues $2.5 billion (+15.6%)*
- Statutory EBITA $224.3 million (+43.2%)*
- Statutory NPATA $142.5 million (+31.1%)*
- Underlying revenue $2.6 billion (+26.6%)
- Underlying EBITA $221.1 million (+20.9%)
- Underlying NPATA $200.7 million (+25.8%)
- Full-year dividend of 7.0 cents per share fully franked

*Statutory numbers are inclusive of discontinued operations

Safety Performance
The Board remains focused on the safety of those working at Qube through our commitment to a zero-harm environment.

In FY22, there was once again improvement in our safety performance with a 17.7% reduction in the company Total Recordable Injury Frequency Rate (TRIFR) to 7.4 per million hours worked and the Lost Time Injury Frequency Rate (LTIFR) was 0.75 per million hours worked, a 6.3% reduction from the prior year.

Despite these efforts and the strong focus on safety initiatives, tragically there was a fatality of a Qube employee in South Australia in Q3 of FY22. The cause of the single vehicle accident remains unknown, and a SA police investigation is ongoing. Qube will continue to review and enhance safety systems and education in relation to key areas of risk across operations.

Commitment to Sustainability
In FY22, Qube worked to advance our sustainability strategy and further develop our path to decarbonisation.

Qube's Scope 1 and Scope 2 greenhouse gas emissions reduced by 2% while underlying revenue increased, resulting in Qube's carbon intensity (tCO^2-e per $M) further decreasing by 8.9% in FY21 as reported in the National Greenhouse Energy Reporting Scheme (NGERS) in October 2021.

Significant progress has been made by the management team on planning and identifying key actions on Qube's decarbonisation journey.

Operating Division
The Operating Division reported strong underlying revenue growth of 28.1% to $2.57 billion and underlying earnings growth (EBITA) of 19.1% to $252.4 million. This pleasing result was achieved despite the ongoing disruption across the operations related to COVID-19 and subsequent lockdowns and skilled labour shortages, as well as disruptions caused by extreme weather events, particularly in the second half of the period.

The diversified operational strategy within the Operating Division was key to delivering the result across a broad range of customers, products, services, and geographies. In FY22, the top 10 customers across the Division represented approximately 20% of the Operating Division's total revenue across a range of clients from manufacturers to retailers to mining and energy companies.

The Logistics & Infrastructure business had a tremendous FY22 with a 31.3% growth in revenue versus FY21 while underlying EBITA grew by 37.1%.

The Ports & Bulk business delivered increased revenue that was 25.7% higher than FY21, while underlying EBITA grew by 5.9%.

Patrick Terminals
Patrick delivered a strong contribution to the Qube FY22 result with underlying contribution from Qube's 50% interest in Patrick of $54.4 million NPAT and $64.7 million NPATA, an increase of 31.7% and 27.4%, respectively, over the prior corresponding period.

Moorebank Logistics Park (MLP)
In H1 FY22, the MLP monetisation process completed following the finalisation of the transaction with LOGOS for the sale of Qube's interest in the warehousing and property components of the project. Completion of this process was critical to Qube's strategic goals for the year and was the result of a significant team effort across the whole company.

The completion of the monetisation process has allowed Qube to successfully complete a $400 million share buy-back capital management initiative and significantly reduce Qube's ongoing capex requirements, materially reduce leverage and reduce the Group's ongoing risk profile.

Summary and Outlook
Despite the challenging FY22 external market factors related to COVID-19, weather events and supply chain disruptions, Qube's diversified logistics business operations have delivered strong underlying earnings growth.

Qube is well positioned for long-term earnings growth from its diversified operations supported by an experienced management and operational team, a network of strategic infrastructure and extensive operating assets.

In FY23, Qube's underlying earnings are expected to continue to benefit from high volumes across most commodities and markets, organic growth from existing and new business, improved productivity through efficiencies and the dedication of an experienced workforce.

In conclusion, I would like to thank all directors, management, and employees for the part they have played in Qube's performance in FY22. The past two years have reinforced the resilience and strength of the Qube operations, strategy and people.

Allan Davies
25 August 2022

Managing Director's Report

Firstly, I would like to acknowledge the efforts of the Qube management and employees over the past 12 months. The ongoing repercussions from the pandemic have impacted every person in both our personal and work lives.

I am immensely proud of the resilience and ongoing efforts of our Qube teams in working to respond to customer needs and the ever-changing market conditions.

We have strived to maintain a balanced and disciplined approach to guiding the organisation through the pandemic with strong focus on the health, safety, and wellbeing of our people.

The company has delivered an excellent financial result for FY22 with strong revenue growth and record underlying earnings.

Our robust diversified logistics strategy across geographies, assets, service offerings, customers and markets has been fundamental to delivering this strong financial result.

Safety, Health and Sustainability (SHS)
The safety and wellbeing of our people continues to be paramount, and we have continued to implement regular communication, clear safety standards and defined protocols. This has been critical in protecting our people and the company.

Across this year, we have worked on further strengthening and implementing our SHS plans with focus around risk reduction, incident management, training, and sustainability.

I am particularly pleased with the progress that our team has made in further defining and identifying our journey to decarbonisation. Through our strategy, we are committed to leading the logistics sector with innovation, technology, and future-focused thinking to deliver a more sustainable future.

Our first Task Force for Climate-Related Financial Disclosures (TCFD) Statement is included in our soon to be released FY22 Sustainability Report.

Operating Division
Our Operating Division has had a tremendous year with high revenue growth resulting in strong underlying earnings growth.

Highlights of the year included:

- a very strong performance from our Logistics & Infrastructure (L&I) business unit, reflecting pleasing organic growth and the benefit of several acquisitions in the period, and more modest growth from the Ports & Bulk (P&B) business unit.
- high contribution from grain related activities benefitting from a strong harvest and Qube's expanded operations including its wholly owned Quattro grain terminal and the acquisition of the Newcastle Agri Terminal in October 21.
- rail continued to grow in significance in the Qube portfolio with additional services in FY22 including the commencement of the BlueScope haulage contract in H2 as well as further expansion in Queensland and Western Australia.
- increased revenue from transport, warehousing, and container operations.
- higher volumes from bulk logistics, storage and stevedoring across most commodities including iron ore, mineral sands, lithium, nickel, and copper.
- strong performance from energy activities linked to new contracts and expanded offerings with existing customers.
- higher volumes of bulk and break-bulk volumes driven by steel imports with increasing volumes relating to demand from the construction industry.

Despite the strong results, our operations were adversely impacted across the year by several factors including shipping schedule fluctuations and port congestion, extreme weather events (especially in H2 on the east coast), industrial action in Fremantle H1 FY22 and labour supply challenges resulting from hard border closures, lockdowns, skill shortages and increased competition for labour.

Some areas of the business that experienced more challenging conditions included the forestry operations. New Zealand forestry activities experienced a 20% decline in log volumes to China and significant disruptions due to long lockdowns. Australian forestry operations continued to be subdued due to China trade embargos.

The mobile crane operations were negatively impacted by delays to infrastructure projects and weather events.

Moorebank Logistics Park (MLP)
A significant milestone was achieved this year with the completion of the MLP transaction with LOGOS in December 2021. This critical transaction and the broader Moorebank project were only possible through the substantial contribution from many people across the organisation.

For Qube, the focus is now on the completion of the MLP IMEX automation commissioning due for completion in FY23, as well as the construction of the MLP Interstate rail terminal.

Patrick Terminals
Patrick again delivered a strong contribution to the Qube full year result. The Patrick result benefited from improved margins on a modest decline in volumes (lifts).

Over $200 million of capex investment has been undertaken by Patrick across the past three years into its business which has delivered operational efficiencies and enhanced performance. One of the key achievements has been the Port Botany Automated Rail Terminal which has been in operation for 12 months supporting the modal shift to rail. Stage 2 of this project is well progressed and will deliver further rail windows and rail capacity when complete in mid-2023.

Economic Outlook
In FY23, we expect that the cost inflation pressures seen in FY22 for supplies, fuel, equipment and labour will continue. Qube is well placed to manage this inflationary outlook through a combination of contractual protections, rate adjustments, productivity enhancements, and by providing efficient supply chain solutions to its customers that deliver financial benefits to both parties which more than offset the cost pressures.

Positioning for the Future

I am confident with the foundation that we have established with our supply chain diversification strategy, coupled with our robust operating and financial position and predictable earnings profile, that Qube is well positioned for continued long term earnings growth.

In FY23, to assist Qube to position itself for the future, we will be implementing the Qube 'Thrive' Program. The Thrive program will be applied across all aspects of the business, and will extensively express Qube's culture, purpose, strategy and values.

The Thrive Program will be delivered across 5 pillars being; '**Safety, Wellbeing, Planet, Opportunity and Success'.** The program is designed to enhance our people, our partners, our communities, our customers and our shareholders to successfully thrive and grow with the Qube experience as Qube sustainably grows into the future.

Finally, I would like to again thank all our employees and contractors for their ongoing and tremendous work in FY22.

Paul Digney
25th August 2022

Directors' Report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited and the entities it controlled ('Group' or 'Qube') at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Qube Holdings Limited during the financial year and up to the date of this report, unless otherwise stated, as detailed below:

Name	Position	Appointed	Retired
Allan Davies	Chairman	26 August 2011	
Sam Kaplan	Deputy Chairman	23 March 2011	
Paul Digney	Managing Director*	1 July 2021	
Maurice James	Managing Director*	23 March 2011	1 July 2021
Ross Burney	Non-executive Director	9 September 2011	
Nicole Hollows	Non-executive Director	19 October 2020	
Stephen Mann	Non-executive Director	1 September 2019	
Jackie McArthur	Non-executive Director	17 August 2020	
Alan Miles	Non-executive Director	1 April 2013	

* Paul Digney was appointed to replace Maurice James as Managing Director upon his retirement on 1 July 2021

Principal Activities

During the financial year the principal continuing activities of the Group consisted of providing comprehensive logistics solutions across multiple aspects of the import-export supply chain.

Dividends provided or paid by the Company on ordinary shares during the financial year:

	Cents per share	Total $M	Franked percentage	Payment date
Paid during the 2022 financial year				
2021 Final dividend	3.5	66.7	100%	22 October 2021
2022 Interim dividend	3.0	57.6	100%	8 April 2022
Paid during the 2021 financial year				
2020 Final dividend	2.3	43.3	100%	21 October 2020
2021 Interim dividend	2.5	47.6	100%	8 April 2021
Dividends declared by the Company after year end				
2022 Final dividend	3.3	58.3	100%	18 October 2022
2022 Special dividend	0.7	12.3	100%	18 October 2022

Loans to directors and executives

There are no loans made during the year or outstanding to directors and executives as at 30 June 2022.

Information on directors and senior management

Information on directors and senior management including meetings of directors is set out on pages 7 to 12 and forms part of this Directors' Report.

Review of Operations

The Review of Operations on pages 13 to 22 forms part of this Directors' Report.

Auditor

PwC continues in office in accordance with section 327 of the *Corporations Act 2001.*

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 60.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Group, its related practices and non-related audit firms:

	2022	2021
Taxation services	**$'000**	$'000
PwC Australian firm:		
Tax compliance services	58.0	63.8
Tax advisory services	17.3	29.6
Non-PwC Audit firm:		
Tax compliance services	25.0	-
Total remuneration for taxation services	100.3	93.4
Other services		
PwC Australian firm:		
Due diligence services	37.5	-
Other services	35.2	301.1
Non-PwC Audit firm:		
Other services	268.5	-
Total remuneration for non-audit services	441.5	394.5

Remuneration Report

The Remuneration Report is set out on pages 23 to 59 and forms part of the Directors' Report for the financial year ended 30 June 2022.

Insurance of officers

During the financial year, Qube Holdings Limited paid a premium to insure the directors and secretaries of the Company and its Australian-based controlled entities, and the general managers of each of the divisions of the Group against liabilities that are permitted to be covered by Section 199B of the *Corporations Act 2001*. It is a condition on the insurance contract that its limits of indemnity, the nature of the liability and the amount of the premium not be disclosed.

Indemnity of auditors

The Company has not indemnified the auditor under certain circumstances as permitted in the *Corporations Act 2001.*

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2*

Matters subsequent to the end of the period

In early August 2022 Qube received $200 million of deferred consideration relating to the MLP transaction.

Controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group.

No other matters or circumstances have arisen since 30 June 2022 that significantly affect Qube's operations, results or state of affairs, or may do so in future years.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors.

Allan Davies
Director

Sydney
25 August 2022

Information on Directors and Key Management Personnel

Allan Davies *Bachelor Engineering (Mining) Hons, GAICD Chairman – Non-executive Director*

Experience and expertise

Mr Davies has over 40 years of mining experience in the Australian and international coal and metalliferous mining industries, having worked in operational roles up to executive director.

From 2000 until early 2006, Mr Davies also worked for Patrick Corporation Limited as Director Operations. This position included responsibility for Patrick's interest in Pacific National, Patrick Shipping, Patrick General Stevedoring and Patrick Autocare.

Mr Davies was a director of Pacific National from its initial acquisition by Toll and Patrick in 2001, until 2006.

Mr Davies was also a director of Queensland Rail and then QR National (predecessor to Aurizon) from 1 October 2008 until 13 December 2011.

Mr Davies was appointed a director of Qube on 26 August 2011 and Chairman on 23 June 2017. Mr Davies is also a non-executive director of Patrick Terminals.

Directorships of other listed companies held during the last three years

None

Special responsibilities for Qube

Chairman of the Board of Directors

Member of the Nomination and Remuneration Committee

Interim Chair of the Nomination and Remuneration Committee (ceased on 12 November 2021)

Sam Kaplan *Deputy Chairman – Non-executive Director*

Experience and expertise

Mr Kaplan is Managing Director of Kaplan Funds Management Pty Limited, the investment manager of Qube from its establishment in 2006 until the Qube restructure in September 2011.

Mr Kaplan is a director and member of the Investment Committee of Maritime Super and a director of Ironbark Capital Limited.

Mr Kaplan was one of the founders of Patrick Corporation Limited and was involved in strategic planning with the company. During his tenure at Patrick Corporation Limited, Mr Kaplan was involved in a number of acquisitions including Pacific National and Virgin Blue.

Mr Kaplan was appointed a director of Qube on 23 March 2011.

Directorships of other listed companies held during the last three years

Ironbark Capital Limited – appointed on 15 December 2021

Special responsibilities for Qube

Member of the Audit and Risk Management Committee

Chair of the Audit and Risk Management Committee (ceased 12 November 2021)

Paul Digney *Managing Director*

Experience and expertise

Mr Digney has over 30 years of executive management experience in supply chain and port logistics roles across Australia.

During the 1990s, Mr Digney established Liberty Cargo Systems and provided port logistics and international freight forwarding services. Patrick Corporation Limited acquired the company in 1999 and it became the platform for the Patrick Port Services Division. As General Manager, Mr Digney rapidly expanded the new division through growth and acquisitions which became Patrick Logistics Division. Mr Digney headed this division until 2006 when Toll acquired Patrick Corporation

In 2007, together with other former Patrick executives, Mr Digney led an investment consortium to acquire management control and ownership of the former P&O Trans Australia, now Qube Logistics & Infrastructure.

Mr Digney held the position of Managing Director of Qube Logistics from 2007 to 2016.

Mr Digney was appointed to the role of Chief Operating Officer of the Qube Group in 2016 and to Managing Director on 1 July 2021.

Mr Digney is also a non-executive director of Patrick Terminals.

Directorships of other listed companies held during the last three years

None

Special responsibilities for Qube

Managing Director

Member of the Safety, Health and Sustainability Committee

Ross Burney *Non-executive Director*

Experience and expertise

Mr Burney is the Chief Executive of Hume Partners. He has over 30 years of experience as an accountant and investor. Hume's clients include Taverners Group, a top 10 Qube shareholder.

Mr Burney was appointed as a director of Qube on 9 September 2011.

Directorships of other listed companies held during the last three years

None

Special responsibilities for Qube

Member of the Nomination and Remuneration Committee

Alan Miles *Non-executive Director*

Experience and expertise

Mr Miles is Managing Director of "K" Line (Australia) Pty Limited. Mr Miles has more than 35 years of experience in the Australian shipping industry, including management roles in bulk, liner and PCC shipping.

Mr Miles is also the Chairman of Prixcar Services Pty Limited and a director of Kawasaki Australia. He is also a director of other affiliated Kawasaki companies in Australia and a member of the Policy Council of Shipping Australia.

Mr Miles was appointed as a director of Qube on 1 April 2013.

Directorships of other listed companies held during the last three years

None

Special responsibilities for Qube

Chair of the Safety, Health and Sustainability Committee

Stephen Mann *Non-executive Director*

Experience and expertise

Mr Mann has over 20 years of strategy, transformation and business development experience across multiple geographies and different industries including rail, aviation, infrastructure and resources.

He has held senior executive roles across a wide range of organisations including Aurizon, Qantas, BlueScope Steel and Western Sydney Airport.

Mr Mann has a Master of Business Administration with Distinction from INSEAD (Institut Européen d'Administration des Affaires).

Mr Mann was appointed as a Director of Qube on 1 September 2019.

Directorships of other listed companies held during the last three years

None

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee

Member of the Audit and Risk Management Committee

Chair of the Audit and Risk Management Committee (appointed on 12 November 2021)

Jackie McArthur *Non-executive Director*

Experience and expertise

Ms McArthur has more than 20 years of experience at executive and board level roles in general management and strategy, supply chain and logistics, operations, food and packaging manufacturing, emerging brand issues and crisis management, corporate social responsibility, governance, engineering and information technology.

Ms McArthur has held various senior executive positions including Managing Director of Martin Brower ANZ, a global leading distributor and supply chain services provider. She has also held various senior executive positions with McDonalds, both in Australia and overseas, including Vice President of Supply Chain for Asia, Pacific, the Middle East and Africa.

Ms McArthur was appointed as a Director of Qube on 17 August 2020.

Directorships of other listed companies held during the last three years

Inghams Group Limited from 18 September 2017 to current

Tassal Group Limited from 27 November 2018 to current

InvoCare Limited from 1 October 2018 to 28 May 2021

Blackmores Limited from 24 April 2018 to 6 August 2019

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee (ceased 12 November 2021)

Member of the Nomination and Remuneration Committee

Chair of the Nomination and Remuneration Committee (appointed 12 November 2021)

Nicole Hollows *Non-executive Director*

Experience and expertise

Ms Hollows has 20 years of experience in the resources sector in a number of senior managerial roles across both the public and private sectors, including in mining, utilities and rail.

Ms Hollows is currently an independent non-executive Chairman of Jameson Resources Limited and also an independent non-executive director of Downer EDI Limited. She was formerly the Chief Financial Officer and subsequently Chief Executive Officer of Macarthur Coal Limited, Managing Director of AMCI Australia and South East Asia and Chief Executive Officer of Sunwater Limited.

Ms Hollows holds a Bachelor of Business – Accounting, a Graduate Diploma in Advanced Accounting (Distinction) from the Queensland University of Technology (QUT), and she is a Graduate of Harvard Business School's Program for Management Development.

Ms Hollows is a non-executive director of Chief Executive Women, a fellow of the Australian Institute of Company Directors and a member of Chartered Accountants Australia & New Zealand.

Ms Hollows was appointed as a Director of Qube on 19 October 2020.

Directorships of other listed companies held during the last three years:

Jameson Resources Limited from March 2020 to current

Downer EDI Limited from June 2018 to current

Special responsibilities for Qube

Member of the Audit and Risk Management Committee

Member of the Safety, Health and Sustainability Committee (appointed 12 November 2021)

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year and the number of meetings each director attended were:

	Board meetings		**Audit and Risk Management**		**Nomination and Remuneration**		**Safety, Health and Sustainability**	
	15 meetings held		8 meetings held		4 meetings held		6 meetings held	
	A	B	A	B	A	B	A	B
Allan Davies[1]	15	15	0	8	4	4	0	6
Sam Kaplan	15	15	8	8				
Paul Digney[2]	15	15	0	8	0	4	6	6
Ross Burney	15	15			4	3		
Alan Miles	15	15					6	6
Stephen Mann	15	15	8	8			6	6
Jackie McArthur	15	15			4	4	2	5
Nicole Hollows	15	15	8	8			4	4

A = Number of meetings held during the time the director held office (including acting as an alternate director) for Board meetings, or was a member of a committee for committee meetings, during the year
B = Number of meetings attended
[1] Chairman
[2] Executive Director
Not a member of the committee during the entire year

During the year the following appointments/resignations occurred:

- Maurice James resigned as Managing Director, and so ceased as a member of the Safety, Health and Sustainability Committee, from 1 July 2021.
- Paul Digney was appointed as Managing Director and a member of the Safety, Health and Sustainability Committee from 1 July 2021.
- Allan Davies ceased as Chair of the Nomination and Remuneration Committee from 12 November 2021.
- Sam Kaplan ceased as Chair of the Audit and Risk Management Committee from 12 November 2021.
- Stephen Mann was appointed as Chair of the Audit and Risk Management Committee from 12 November 2021.
- Jackie McArthur ceased as a member of the Safety, Health and Sustainability Committee, and was appointed as Chair of the Nomination and Remuneration Committee, from 12 November 2021.
- Nicole Hollows was appointed as a member of the Safety, Health and Sustainability Committee from 12 November 2021.

In addition to the above formal, annually scheduled meetings, a number of informal Board Subcommittee meetings were held for specific projects and informal Committee meetings were held as required. Strategy and briefing sessions and operating site tours were also held for directors during the year

Key Management Personnel

Managing Director

The Managing Director during the reporting period was Mr Paul Digney who was appointed on 1 July 2021. Prior to this appointment, Mr Digney was the Chief Operating Officer (COO) of Qube, primarily overseeing the management and integration of the businesses in Qube's Operating Division. Upon Mr Digney's appointment as Managing Director, the COO position became defunct.

Chief Financial Officer

Until his resignation on 2 May 2022, the Chief Financial Officer (CFO) was Mr Paul Lewis. Mr Lewis has been involved with Qube since its establishment in 2006 and the CFO role is responsible for managing the commercial and financial aspects of Qube's interests. Prior to joining Qube, Mr Lewis was a senior executive at Patrick Corporation Limited where he was responsible for investments and acquisitions. Upon his resignation, Mr Lewis has remained involved with Qube and in late May took up the part-time position of Group Investor Relations & Corporate Support.

On 2 May 2022, Mr Mark Wratten replaced Mr Lewis as Qube's Chief Financial Officer. Mr Wratten has more than 30 years of experience in financial and operational management across Australia, the USA and UK with significant experience in the logistics sector. He has held various senior executive positions including Chief Financial Officer of Brambles (Industrial Services and Cleanaway divisions), Global Chief Financial Officer of Recall Holdings Limited and Global Chief Financial Officer of Vocus Group Limited.

General Counsel and Company Secretary

The General Counsel and Company Secretary is Mr William Hara. Prior to joining Qube in January 2013, Mr Hara worked as General Counsel and Company Secretary at Patrick Corporation Limited for 10 years and Group General Counsel and Company Secretary at Lendlease for 6 years.

Business Unit Directors

From 1 July 2021, the Business Unit Directors within Qube's Operating Division were elevated to the positions of Key Management Personnel engaging directly with the Qube Board of Directors including attending Board meetings.

Director – Logistics & Infrastructure

The Director – Logistics & Infrastructure is Mr John Digney who was appointed to this role in June 2016. Mr Digney brings more than 30 years of transportation and supply chain management experience to the Qube group, with roles including Director of Operations and, prior to joining Qube, National Operations Manager at Patrick Corporation.

Director – Ports

The Director – Ports is Mr Michael Sousa. Mr Sousa has more than 25 years of experience in maritime and general logistics at Qube. He has held several executive roles, including Commercial Manager and General Manager – Finance with the Ports business unit, before being appointed to his current role in 2009.

Director – Bulk

The Director – Bulk is Mr Todd Emmert. Mr Emmert has more than 20 years of experience as a supply chain and logistics specialist. He has worked in senior roles across all aspects of the supply chain, including overseas postings with international shipping line, intra/interstate rail, port and stevedoring roles.

Review of Operations

Overview

Qube delivered an excellent financial performance in FY22 with strong underlying revenue growth of 26.6% to $2.57 billion flowing through to underlying earnings (EBITA) of $221.1 million, a 20.9% increase over the prior corresponding period. Underlying NPATA increased by 25.8% to $200.7 million, a record result for Qube.

This performance was a result of a combination of organic growth within each of the Operating Division and Patrick, as well as from the contribution from acquisitions and growth capex. The strong result versus the prior year reflected continuing high volumes across most of Qube's core markets, including containers, grain, steel, most mining bulk commodities, energy and general cargo. It also demonstrates Qube's ability to effectively mitigate cost pressures through scale, operational performance and productivity initiatives, as well as through contractual mechanisms.

A summary of key financial metrics is presented below.

	Underlying Information		Statutory Information (including discontinued operations)*	
	$m	Change (from prior corresponding period)	$m	Change (from prior corresponding period)
Revenue	2,572.8	26.6%	2,517.8	15.6%
EBITA	221.1	20.9%	224.3	43.2%
NPAT	185.7	30.3%	127.5	39.2%
NPATA	200.7	25.8%	142.5	31.1%
EPSA (cents)	10.6	26.2%	7.5	31.6%
DPS (cents)	7.0	16.7%	7.0	16.7%

**Note: As a result of the expected sale of the Moorebank warehousing related assets, the earnings associated with these assets were classified under discontinued operations in the FY21 and FY22 financial statements. Excluding discontinued operations, FY22 revenue is $2,505.7 million and EBITA is $229.8 million.*

Qube's strong financial performance in FY22 was achieved despite the ongoing disruptive impact of COVID-19 on Qube's operations, which resulted in higher costs and operational inefficiencies due to revised operating practices and multiple lockdowns, the extended Western Australian border closure, and skilled labour shortages in certain markets in which we operate. The business was also negatively impacted by ongoing port congestion, China lockdowns and trade sanctions (predominantly impacting log volumes) and extreme weather events, particularly in H2 of FY22. Qube estimates that these factors impacted FY22 EBIT by at least $15 million.

Qube's results again demonstrate the robust and resilient nature of Qube's deliberate diversification strategy which has resulted in a business that is well-diversified across geographies, assets, service offerings, customer base and markets.

Australia and New Zealand continue to be the most important markets for Qube, representing around 91% and 6% respectively of total group revenue, with other regions including South East Asia and Papua New Guinea representing the majority of the balance.

The strong operational and financial performance despite numerous challenges also reflects the experience and capability of Qube's management team and workforce.

Further commentary is set out in the Operating Division section below.

Patrick also delivered strong earnings growth despite slightly reduced lift volumes. The business benefited from operational efficiency initiatives including increased automation as well as increased landside and ancillary charges.

Further commentary is set out in the Patrick Terminals section below.

The Moorebank Logistics Park (MLP) monetisation process was successfully completed in H1 FY22. This allowed Qube to complete a $400 million share buy-back capital management initiative in May 2022. The divestment also significantly reduces Qube's ongoing capex requirements, Qube's leverage and the group's ongoing operating risk profile.

Further commentary is set out in the MLP Monetisation Process section below.

While the Qube Property Division has been discontinued, Qube will continue to own and operate a diverse network of highly strategic logistics, infrastructure and bulk commodity assets located near ports and rail facilities, which combined with Qube's scale and operating capability, creates a sustainable competitive advantage for Qube in its key markets.

Statutory revenue (including discontinued operations) increased by 15.6% to approximately $2.5 billion and statutory profit after tax attributable (NPAT) to shareholders increased by 39.2% to $127.5 million. Statutory diluted earnings per share pre-amortisation increased by 31.6% to 7.5 cents per share.

The FY22 statutory earnings also include the impact of the lease accounting standard, AASB 16, which has reduced statutory net profit after tax by around $33.3 million (inclusive of the impact of AASB 16 on Qube's share of Patrick's statutory net profit after tax). The corresponding reduction in Qube's statutory net profit after tax in FY21 was $32.9 million.

Underlying revenue in FY22 was $2.57 billion (+26.6%), underlying earnings (EBITA) was $221.1 million (+20.9%) and underlying net profit after tax before amortisation (NPATA) was $200.7 million (+25.8%). Underlying earnings per share pre-amortisation (EPSA) was 10.6 cents, an increase of 26.2% on the prior corresponding period.

The underlying information excludes discontinued operations and certain other non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review. A reconciliation of the statutory results to the underlying results for the full year is presented in the note 2 to the financial statements as well as the 30 June 2022 Appendix 4E.

Dividend

As a result of Qube's strong performance in the period, positive earnings outlook and strong financial position, the Board has determined to pay a fully franked final ordinary dividend of 3.3 cents per share, bringing the full-year ordinary dividend to 6.3 cents per share fully franked. The full year ordinary dividend represents around a 59% payout ratio of Qube's FY22 underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA) which is at the upper end of the target dividend payout ratio of 50-60%.

As a result of the receipt of the MLP monetisation proceeds, including the receipt of the majority of the deferred consideration in early August 2022, combined with Qube's positive earnings outlook, the Board declared a 0.7 cents per share special dividend (fully franked) in addition to the record full year ordinary dividend.

This brings the total full year dividend to 7.0 cents per share, being a 16.7% increase on the prior year's dividend. The dividend reinvestment plan will not apply in relation to the final dividend.

Operating Division

The Operating Division reported strong underlying revenue growth of 28.1% to $2.57 billion and underlying earnings growth (EBITA) of 19.1% to $252.4 million. The result was driven by very strong underlying earnings growth by the Logistics & Infrastructure business unit and more modest underlying earnings growth from the Ports & Bulk business unit. Both business units generated high revenue growth which was partly attributable to a large increase in pass-through revenue items as part of contractual cost recovery mechanisms. Accordingly, this revenue, which effectively enabled Qube to recover certain higher costs, did not contribute to earnings and therefore reduced the overall margins.

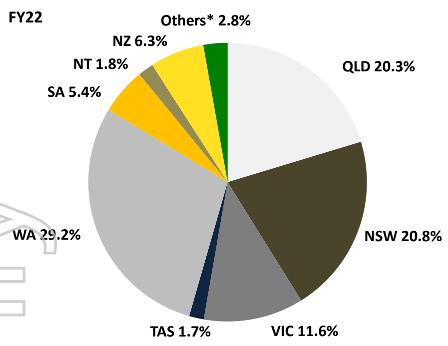
Operating Division	**FY22 $ million**	**FY21 $ million**	**Growth $ million**	**Growth %**
Revenue				
Logistics & Infrastructure	1,129.3	860.3	269.0	31.3%
Ports & Bulk	1,443.1	1,148.1	295.0	25.7%
Divisional Corporate	0.2	-	0.2	N/A
Total Revenue	**2,572.6**	**2,008.4**	**564.2**	**28.1%**
Underlying EBITA				
Logistics & Infrastructure	145.6	106.2	39.4	37.1%
Ports & Bulk	137.2	129.6	7.6	5.9%
Divisional Corporate	(30.4)	(23.8)	(6.6)	-27.7%
Total Underlying EBITA	**252.4**	**212.0**	**40.4**	**19.1%**

Four complementary business and asset acquisitions within the Operating Division were completed in the year for a total net cash consideration, including debt assumed, of around $127 million. These acquisitions enhanced both Qube's service capabilities as well as geographic operational presence. These acquisitions only made a partial contribution to the FY22 result and are expected to make a more meaningful earnings contribution to Qube in FY23.

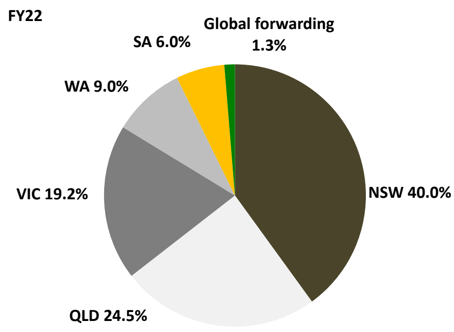
Qube remained highly diversified by customer, product, service and geography. In FY22, the top 10 customers across the division represented approximately 20% of the Operating Division's total revenue and included mining companies, energy companies, retailers and manufacturers. No single customer represented more than 4.0% of the total divisional revenue.

From a geographical perspective, as highlighted in the pie charts below, Qube is well diversified with Western Australia being the largest single region representing 29.2% of total divisional revenue. The largest four regions within the Operating Division (being Western Australia, Queensland, New South Wales and Victoria) collectively represent around 82.0% of divisional revenue. This balanced outcome reflects the higher weighting of the Logistics & Infrastructure business unit's activities to New South Wales, Victoria and Queensland while the Ports & Bulk activities are weighted more heavily in Western Australia, Queensland as well as New Zealand.

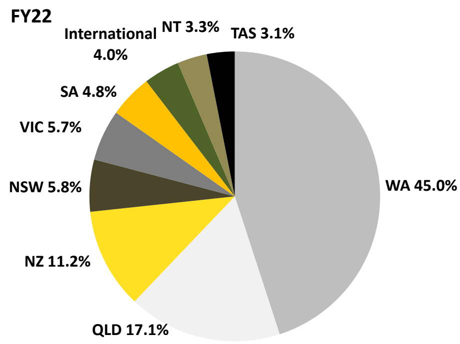
Operating Division



Logistics & Infrastructure



Ports & Bulk



*Note: Others comprise global forwarding and South East Asia

Logistics & Infrastructure (L&I)

Qube's L&I business unit had a very strong year and reported revenue of $1.13 billion in FY22, which was 31.3% higher than FY21. Division underlying EBITA (pre-divisional corporate overheads which are not allocated to the business units) grew an impressive 37.1% to $145.6 million.

The business experienced operating challenges caused by shipping schedules, port congestion and extreme weather events but nonetheless delivered a record financial result.

The L&I activities benefited from a much larger contribution from grain related activities comprising bulk and containerised haulage, grain storage and loading. L&I benefited from the Newcastle Agri Terminal (NAT) acquisition in October 2021, as well as a stronger grain harvest generally.

L&I also benefitted from generally higher volumes in a number of products and services, including steel and food processing, transport, container and warehousing revenues. Australian Amalgamated Terminals (AAT) also performed well with higher roll-on roll-off (RoRo) and general cargo volumes a key driver. Motor vehicle import volumes at AAT's facilities were slightly down on the prior year, however total vehicles handled were higher overall due to transhipment (motor vehicle movements between Australian states) volumes which are very low margin.

The new BlueScope rail contract commenced early in H2 FY22 and is ramping up in line with expectations, though disruptions have been experienced due to rail lines being impacted by extreme flooding events during H2.

L&I completed three acquisitions in FY22 being the NAT/CTC as well as the AST Logistics fleet in H1 and a small container business called True Blue early in H2. All are performing ahead of expectations and will contribute to continued growth in FY23.

The business delivered this excellent financial performance in spite of the ongoing impact of COVID-19 during the year which led to increased costs and operational disruptions both within our business and the customers which we provide services to. Weather events, particularly flooding on the east coast during H2 also disrupted a number of our operations, and those of our customers, some for extended periods of time.

Supply chain disruptions, port congestion, and skilled labour shortages have all been impacting our operations, however our teams have been able to successfully navigate these challenges and expect to be able to continue to do this during FY23 and beyond.

Material cost increases on fuel, supplies, labour and other inputs have also been well managed within L&I and the business has been able to mitigate the inflationary environment through a combination of contractual rise and fall mechanisms that enable key input cost changes to be passed through to customers, general rate adjustments and by leveraging Qube's scale and productivity improvements.

During FY22, responsibility for the development and operation of the MLP IMEX Terminal and related infrastructure was transferred from the Property Division to the L&I business unit. This supported growth in volumes through the MLP IMEX Terminal (which is operating in manual mode while the automation is being implemented).

The top 10 L&I customers represent around 12.0% of the Operating Division's total revenue and include retailers, manufacturers, shipping lines, food processors and grain traders.

<u>Moorebank Logistics Park (MLP) IMEX Terminal</u>

As noted above, the MLP IMEX Terminal is now managed and reported within the L&I business and in FY22 continued operating in a start-up manual mode in parallel with the final development and commissioning of the terminal automation, which is expected to be operational in H1 FY23. Further expansion of the terminal will continue in to early FY24.

Volumes through the manual MLP IMEX Terminal in FY22 were 78,300 TEU, a fourfold increase on the 18,300 TEU processed through the terminal during FY21 with volumes again expected to increase in FY23.

Qube continues to believe in the long-term strategic value of this investment, and expects to see continued growth in volumes through the MLP IMEX Terminal as additional warehouses are developed at MLP and new tenants build demand and activity levels for the terminal. No further indicators of impairment have been identified and management remain positive about the medium to long term outlook for this asset which is being operated as part of the broader logistics activities of the business.

MLP Interstate Terminal

The construction of the MLP Interstate Terminal (stage 1a) will be managed by the L&I project team until completion, and will then hand over to the Joint Development Model (JDM) who will undertake the ongoing management of the terminal. The JDM is a joint venture in which Qube will hold a 65% interest. The remaining shareholders will comprise LOGOS (25%) and National Intermodal Corporation (NIC, formerly Moorebank Intermodal Corporation MIC, at 10%).

Stage 1a, which will deliver 250,000 TEU capacity, has commenced construction and is scheduled for completion by the end of H1 FY24.

Further information covering the MLP Interstate Terminal and the JDM is included in note 25 of the financial statements.

Ports & Bulk (P&B)

Qube's P&B business unit delivered pleasing results in FY22 and reported revenue of $1.44 billion, which was 25.7% higher than FY21. Underlying EBITA (pre-divisional corporate overheads which are not allocated to the business units) grew by a more modest 5.9% to $137.2 million, largely due to lower margins in the NZ and Australian forestry businesses and parts of the bulk business.

The Australian general stevedoring activities were strong with higher bulk and break-bulk volumes (mainly steel imports and grain exports) than the previous year. Imported vehicle volumes also rebounded, though included a higher than normal number of low margin transhipment volumes. Our operations continue to be negatively impacted by port congestion and labour supply challenges, as well as a number of east coast weather events in H2 FY22 which disrupted operations. We additionally incurred some financial impact from the industrial action at the Port of Fremantle in H1 of FY22.

Qube's energy activities delivered a strong FY22 performance with growth in revenue and earnings derived from a new contract win with Chevron and the expansion of service offerings and projects with existing customers who are increasing exploration and production activities.

New Zealand forestry activities experienced a very challenging year due to a near 20% reduction in log volumes to China driven by a decline in housing construction as well as the significant disruption to operations and the associated additional costs (predominantly labour and travel) due to long COVID-19 lockdowns and the flow on impact on the cost and supply of labour.

Harvestco, a woodchip logistics business operating in South Australia, Northern New South Wales and Victoria, was acquired during FY22 and is now reporting within our Australian forestry business which in FY22 was able to grow revenues on the back of the full year contribution of earlier acquisitions. The margins in the domestic Australian forestry business should improve with the expected increase in volumes from increased domestic demand.

The bulk export activities continued to generate solid returns for Qube, with the majority of Western Australian bulk operations delivering solid returns during FY22. Certain operations were however adversely impacted by the extended hard border closures, which led to skilled labour shortages and operational challenges.

Our East Coast business had flat earnings on increasing volumes and revenues. These businesses had a challenging year resulting from COVID-19 lockdowns, skilled labour shortages and in some cases the impact of weather events, all of which disrupted operational efficiencies and resulted in temporarily higher operating costs during this period.

Our mobile crane activities were negatively impacted by delays to several large infrastructure and energy projects caused by a combination of extreme weather and other project scheduling delays, however these began to ramp up in Q4 and should deliver improved results in FY23.

Across Australia, fuel, supplies and other base inputs have largely been able to be passed through by way of contractual rise and fall protections, however for some contracts this recovery may lag by around 1 to 6 months. Moving into FY23 we expect to see a number of these factors improve.

Qube Bulk continues to be highly diversified by product type and customer with increased volumes from bulk logistics and export port loading activities relating to iron ore, mineral sands, lithium and other base metals including nickel and copper in Western Australia.

The top 10 Ports & Bulk customers represent around 18.7% of the Operating Division's total revenue and include mining companies, shipping lines as well as energy and gas companies.

Associates

The contribution to underlying NPATA from associate entities other than Patrick was a negligible loss in FY22, and similar to that reported in FY21.

Property Division (Discontinued)

As set out in the FY21 financial statements, the Property division was identified as a discontinued operation and as such its performance in FY22 has been excluded from the reported underlying financial performance of our ongoing business. Further detailed disclosures are set out in note 25 of the financial statements.

MLP Monetisation Process

On 15 December 2021 Qube successfully completed the transaction with LOGOS for the sale of 100% of its interest in the warehousing and property components of the MLP project. Qube received up front proceeds of around $1.36 billion with another $0.2

billion received in early August 2022. The remainder of the deferred consideration ($0.1 billion) will be paid progressively as construction of stage 1a of the MLP Interstate Terminal is delivered

The transaction with LOGOS allowed Qube to realise a strong value for the MLP property assets, avoid the risk associated with delivering the leasing and development of future warehouses and significantly reduced Qube's ongoing capex requirements.

An Alignment Deed and Interface Deed have been put in place in order to align the long-term interests and objectives between the property and logistics activities. The Alignment Deed promotes the selection of tenants at MLP that will increase container throughput in the MLP IMEX Terminal.

The MLP project delivered a large profit to Qube that was crystallised by the completion of the monetisation. The resulting tax payable on the gain (inclusive of the deferred consideration) is estimated at $190-200 million and will be payable in December 2022.

Beveridge

In March 2022 Qube sold its option to buy land at Beveridge, north of Melbourne, to NIC for a nominal consideration. Under the arrangement Qube has entered into an agreement giving Qube the right to repurchase the option should NIC choose not to exercise prior to September 2022. As part of this transaction Qube was also granted an option to buy back up to 200ha of developable land at a future point in time for consideration materially consistent with the price paid by NIC to acquire this land. This option expires in September 2023.

NIC has advised Qube that they have sought Ministerial approval to exercise the option and in the interim they have reached in-principle agreement (again subject to Ministerial consent) with the landowner to extend the date for the expiry of the option by six-months (which triggers a corresponding extension in the timeframe for Qube's option). If the option expiry date is extended and NIC exercise the option, Qube's option to buy back up to 200ha of developable land will be extended to March 2024.

Patrick Terminals

The underlying contribution from Qube's 50% interest in Patrick was $54.4 million NPAT and $64.7 million NPATA, an increase of 31.7% and 27.4%, respectively, over the prior corresponding period. This contribution is inclusive of Qube's share of interest income ($11.7 million post-tax) on the shareholder loans provided to Patrick. Patrick continued to generate strong cash flow, with total distributions to Qube in the period of $85 million compared to $120 million in FY21 (noting that the FY21 distributions were higher as they included distributions relating to an external debt upsizing undertaken by Patrick in the period).

The statutory contribution to Qube's NPAT (being interest income on shareholder loans and share of profit after tax) was a profit of $40.0 million (compared to $27.7 million in FY21). Variances to underlying results are largely driven by the impact of the leasing standard (AASB 16).

The financial performance was the result of improved margins on a modest decline in volumes (lifts). This reflected productivity improvements and continued diversification of revenue streams including a higher contribution from landside and ancillary charges.

In April 2022, Patrick finalised a new Enterprise Agreement with the Maritime Union of Australia (MUA), effective from January 2022 for a 4-year period. The new agreement provides for additional flexibility in relation to recruitment, rostering and training.

Patrick renewed several contracts in the period and its market share stabilised at 42% across the year (compared to 44% in FY21). Market share was impacted by industrial action mainly in the first half of the year, vessel scheduling issues and the loss of a service to a competitor. Patrick's volumes (lifts) in FY22 were 2% below FY21, against market growth in lifts that was broadly flat year on year (0.5% growth).

Patrick delivered sound operational productivity for both shipside and landside customers despite shipping line vessel schedule integrity at record low levels through the period, resulting in increased peaking and troughing of operations and congestion through the supply chain.

Patrick undertook capex in the period of around $58 million on growth and maintenance items. Patrick has now invested in excess of $200 million over the past 3 years, enabling operational efficiencies and enhanced performance.

Key projects progressed through the year include the ongoing redevelopment of Port Botany rail operations, the development of the Melbourne rail facility, a pilot crane automation project and additional automation for handling of trucks in Fisherman Islands and commencement of the redevelopment of the Fremantle terminal. On completion these projects are expected to facilitate further productivity and performance improvements.

The Port Botany Automated Rail Terminal has been in operation for more than 12 months and is performing in line with expectations. Phase 2 construction works on the Port Botany Rail Development are well progressed and when complete in mid-2023 will provide an additional increase to rail windows and rail efficiencies at Port Botany.

The Melbourne rail facility at East Swanson Dock is also due for completion in mid-2023, with this investment further facilitating a rail modal shift for containers moving to and from the port.

	FY22 $ million	FY21 $ million	Change %
Patrick's Contribution to Qube			
Qube share of NPAT	42.7	26.4	62.0%
Qube share of NPAT (pre-amortisation)	53.0	35.9	47.8%
Qube interest income net of tax from Patrick	11.7	14.9	-21.7%
Total Qube share of NPAT from Patrick	**54.4**	**41.3**	31.7%
Total Qube share of NPAT (pre-amortisation) from Patrick	**64.7**	**50.8**	27.4%
Patrick's Cash Distribution to Qube			
Interest income (pre-tax)	17.4	26.3	
Dividend	31.0	34.2	
Shareholder loan repayment	36.6	59.5	
Total	**85.0**	**120.0**	

Capital Expenditure

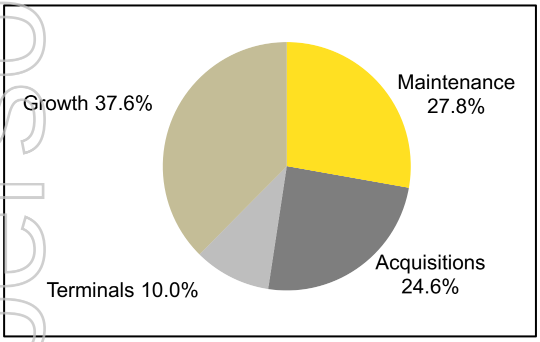
Qube spent approximately $517.8 million of gross capital expenditure in the period (excluding capex spent on the MLP development pre-completion of the sale to LOGOS, which was effectively reimbursed as part of the monetisation process). The major breakdown of FY22 capital expenditures was as follows:

- growth capex (excluding acquisitions) $194.6 million
- maintenance capex of $143.9 million
- acquisitions capex of $127.3 million
- MLP Terminal capex $52.0 million

Key items of growth capital expenditure included rail locomotives and wagons, container stock, warehouse and infrastructure assets as well as transport and lifting assets.

Acquisitions in FY22 included the NAT and CTC Terminal in October 2021, AST Logistics, Harvestco and True Blue. Further information can be found in the Business Combination note in the financial statements.

A summary of the composition of the capex undertaken in FY22 is presented below.



Funding

Qube finished the period in a strong financial position with cash and available undrawn debt facilities of $1.3 billion at 30 June 2022.

During the year Qube extended the maturity of $200 million of debt facilities for an additional 2 years and entered into new bilateral bridge facilities totalling $200 million for a term of 2 years. Qube's debt facilities have a weighted average maturity of 2.1 years at 30 June 2022 (3.0 years at 30 June 2021).

Qube continues to be conservatively leveraged with net debt of around $0.9 billion, a leverage ratio (net debt / net debt + equity) of around 23%, being below the lower end of its target leverage range of 30% to 40%, and significant headroom to Qube's financial covenants.

Capital Management

Given the strong financial position of Qube post the monetisation of Moorebank the Qube Board approved a capital management initiative and in May 2022 successfully completed a $400 million off-market buy-back. This initiative bought back approximately 8% of issued capital.

Additionally, the Board has declared a special fully franked dividend of 0.7 cents per share along with the FY22 full year final ordinary dividend of 3.3 cents per share.

Safety, Health and Sustainability (SHS)

Our Total Recordable Injury Frequency Rate (TRIFR) target for year-on-year reduction was achieved in FY22, where our TRIFR was 7.4 per million hours worked, representing a 17.7% reduction from FY21. Our Lost Time Injury Frequency Rate (LTIFR) was 0.75 per million hours worked, representing a 6.3% reduction from FY21. In FY22 we continued our improvement in SHS performance.

Significant organisational effort on critical risks was a focus in FY22 and we continue to see the organisation perform well below our target achieving Critical Incident Frequency Rate (CIFR) of 0.69 against a target of 1.0.

Tragically, on 22 February 2022 there was a fatality of a Qube employee on a public road approximately 20km west of Penola, South Australia. The cause of this single light vehicle accident remains unknown.

We continue to embed our commitment to providing a safe and healthy workplace for all workers through effective systems, culture and secure operations. This commitment includes supporting the overall health and wellbeing impact, fatigue, mental health, physical hazards and minimising risk of employees in line with our SHS plans.

Ninety-five percent of SHS Plans have been successfully implemented across the business. In some discrete examples unforeseen COVID-19 impacts did create some barriers to achieving 100% implementation across all elements.

In FY21 Qube continued to take on the challenge of climate change by achieving an 8.9% reduction in our carbon intensity as reported in the National Greenhouse Energy Reporting Scheme (NGERS) in October 2021. We will continue to develop a pathway to achieve our greenhouse gas emission reduction goals.

Further information, including our first Task Force for Climate-Related Financial Disclosures (TCFD) Statement, is included in our soon to be released FY22 Sustainability Report.

Innovation and Technology

Continuous innovation and application of technology across the organisation to enhance operational and safety outcomes have been a key part of Qube's strategy and success since its establishment. Qube has a demonstrable track record over many years of investing in and leveraging technology to deliver innovative, reliable and safe logistics supply chain solutions to its customers.

Qube's Group Innovation Committee chaired by the Managing Director brings together senior executives from across the organisation to develop strategies, leverage developed solutions, determine the investment and resources priorities that will benefit customers, and improve safety and service delivery. This Committee actively considers initiatives ranging from early-stage concepts through to operations-ready projects. Importantly, the structure and philosophy of Qube's Innovation Committee reinforce the Qube culture around building a cooperative approach focused on enhancing the overall organisation through continual improvement. Qube is also building collaborative relationships with Original Equipment Manufacturers (OEM's), systems developers and new technology providers to ensure Qube remains well placed to benefit from innovation advancements within the broader transport and logistics industry.

Qube operational subject matter experts and IT teams have been engaged over the last 12 months to deliver on our digital transformation program. This program covers:

- digitising operations and focusing on data capture across all assets
- big data analytics
- IT uplift across our software/hardware platforms to allow for scalability and
- future growth.

Qube continues to enhance the innovation improvements delivered in the previous year while focusing on new opportunities that have been identified for further review in FY23.

A core focus area for innovation at Qube is sustainability and CO2 reduction initiatives that will result in improved energy efficiency and the use of alternative energy sources. In addition, Qube is investing in assets and technologies consistent with reducing carbon emissions which included alternative fuel options, vehicle enhancements technologies and seeking alternative power sources for heavy vehicles.

During FY22 Qube commenced a project to replace the existing PeopleSoft financial reporting system with Oracle Cloud ERP/EPM. The Oracle Cloud product will deliver a system that is flexible and scalable and will keep pace with our evolving business requirements.

Strategy and Risk Management

Qube's vision is to be Australia's leading provider of integrated logistics solutions focused on import and export supply chains.

Qube's strategy to achieve this vision includes:

- investment in infrastructure, facilities, equipment and technology to build scale and competitive advantage
- delivering reductions in transport costs and carbon emissions by eliminating unnecessary movements, and where practicable, investing in more energy efficient assets
- an ongoing focus on innovation to provide superior operating, safety, environmental and financial outcomes
- where possible, providing a comprehensive integrated supply chain solution for customers through Qube as a single service provider, delivering both price and service benefits to customers while delivering sound financial returns to Qube
- rail and road-based solutions delivering most efficient modal outcome
- Ownership or long-term leasing of strategic locations at or near ports and other key infrastructure
- Maintaining a conservative balance sheet position with adequate liquidity, sufficient headroom to Qube's financial covenants and proactively managing refinancing risk in order to support ongoing operations and continued investment in the business across different economic conditions.

The Board is focused on those risks capable of undermining the strategy or viability of the group or severely damaging its reputation (Group Risks). Normal operating risks (Business Risks) are assessed and managed by the divisional and operational leadership teams.

The Qube Board assumes ultimate responsibility for the risk management of Qube. The Board has established a risk management framework which incorporates a formal, Board-approved Risk Appetite Statement (RAS) setting the parameters within which the Board expects management to operate. In accordance with the risk management framework, the Board has delegated the oversight responsibility for risk management and internal control of major risks of Qube to the Audit and Risk Management Committee (ARMC) and, in respect of risks relating to safety, health, environment and operational matters, to the Safety, Health and Sustainability Committee (SHSC). The ARMC and the SHSC each meet regularly to review the effectiveness of Qube's risk management systems, processes and internal controls and report their findings to the Board.

The key risks to Qube's ability to achieve its financial and strategic objectives, and the main mitigating actions are summarised below.

Information Technology and Cyber Security Risk
Qube could be negatively impacted by threats to the security of its information technology, data and operational technology systems. The cyber security threats faced by Qube are not dissimilar to most organisations and include threats to the normal operation of information technology (IT) and operational technology (OT) infrastructure, systems and data, attempts to gain unauthorised access to the company's information including the data of our customers, employees, suppliers and partners and the potential for business disruption associated with technology and related failures. Qube is committed to a Zero Hack cyber strategy.

Qube has adopted a broad range of measures, including use of appropriate leading security tools, standards and governance frameworks to monitor and manage risks. Qube utilises an experienced internal team and expert third-party security specialists to monitor our network for signs of external attack and internal threat activity and respond to detected events to ensure continued protection of our infrastructure. Additionally, we undertake a program of continuous employee education and awareness on cyber related risks to ensure employees understand applicable policies and the importance of reporting suspicious observations and behaviour and respond appropriately to mitigate threats.

Strategic Risk
Qube's investments and operations should be focused within import, export and domestic supply chains, targeting markets and activities with favourable characteristics and in which Qube has a competitive advantage, including through control over strategic assets and locations, market knowledge, operational expertise or customer relationships. Logistics activities that are more commoditised in nature or have higher inherent risks will only be pursued where an appropriate risk assessment has been undertaken and the expected risk-adjusted returns are adequate.

Qube has a disciplined approach to capital allocation and targets investments that fit both strategically and will deliver an appropriate return, having regard to relevant factors including Qube's applicable weighted average cost of capital (WACC) and the risk associated with the investment. Certain investments of a more strategic or lower risk nature may justify lower return outcomes, while higher risk investments are expected to generate a higher premium to the WACC.

Extreme Weather Event Risk
Qube is exposed to the risk of extreme weather events such as floods, storms, winds, hail, tidal surges, droughts, extreme heat and bushfires. These events create risk of significant business interruptions and lost productivity due to operations being disrupted by logistics and supply chain issues such as damaged roads and rail infrastructure, customer site disruptions, poor crop yields and damaged crops.

Qube is a diversified business operating in multiple sectors and geographies and servicing numerous customers in many locations across both the import, export and domestic supply chain. Qube has no material customer concentration risk and as such any temporary disruptions to any single Qube operation or customer activity from extreme weather events are unlikely to have a material or prolonged impact on Qube's overall financial performance. In addition, many of Qube's assets can be relocated or repurposed to service different customers in other locations.

ESG (Sustainability) Risk
This is risk that Qube isn't sufficiently pro-active in setting strategy, planning for, resourcing and delivering upon targeted ESG improvements (particularly environmental, such as decarbonisation) leading to significant reputational damage and potential negative financial outcomes.

The Qube sustainability journey is focused on building a resilient and robust organisation that is committed to leading the logistics industry in innovation, technology and future-focused thinking. The long-term success of our business will be driven by our organisation's ability to identify, address and adapt to the requirements of today's world while ensuring we deliver on our commitments to customers, employees and shareholders.

Qube has developed a roadmap that identifies emission, energy, climate change and innovation goals working across road, rail and premises. Qube will not accept actions that are inconsistent with achieving these Board approved emission targets and objectives or those materially inconsistent with the objectives outlined in the FY22 Sustainability Report.

Customer Disruption or Loss Risk
This is the risk that our customers operations are materially disrupted for prolonged time periods or that the customer no longer engages services from Qube by moving to a competitor or bringing the service inhouse. These disruptions/losses could materially adversely affect Qube's services and revenues and result in material economic loss.

Qube's activities are focused in markets and activities consistent with Qube's vision and strategy as this is where Qube has extensive expertise and market knowledge. Within these markets, Qube seeks to provide a range of services to a diverse customer base to ensure that it is not unduly dependent on any single customer, product, commodity or geography to deliver acceptable financial returns. Qube also seeks to maintain a high degree of variability in its cost base so that it can respond in a timely manner to unexpected variations in demand for its services.

Global Events and Economic and Market Conditions Risk
Qube's revenue and earnings are influenced by a range of factors including global and domestic economic, political and health (ie pandemics) conditions which directly and indirectly affect the demand for Qube's customers' products and therefore Qube's activity levels, as well as the intensity of competition in Qube's core markets. Qube aims to leverage its scale and investment to provide reliable, low-cost logistics solutions.

Qube will generally accept low levels of geographical risk with activities focused on countries with well-established, legal, regulatory and operating settings that provide a high degree of certainty that support reliable operations. In general, Qube will focus its activities and operations in Australia and New Zealand.

In addition to the diversification strategy outlined above, Qube seeks to secure minimum revenue commitments when it undertakes material capital investment for new contracts. These factors assist Qube in mitigating the impact of any material slowdown in economic activity or increased competitive conditions.

This risk mitigation approach has been particularly important in light of COVID-19 as Qube has been able to continue to generate meaningful cash flow and earnings through those areas of its business that have been minimally or only moderately impacted by the pandemic.

Regulation and Compliance Risk
Qube operates in regulated industries and operates its facilities under various permits, licenses, approvals and authorities from regulatory bodies. If those permits, licenses, approvals or authorities are revoked or if Qube breaches its permitted operating conditions, it may lose its right to operate those facilities, either temporarily or permanently. This could adversely impact Qube's operations and profitability. Changes in laws and government policy in Australia or elsewhere, including regulations and license conditions could materially impact Qube's operations, assets, contracts, profitability and prospects.

Qube applies strict operating standards, policies, procedures and training to ensure that it complies with its various permits, licenses, approvals and authorities. Additionally, Qube proactively manages regulatory risks through a combination of vigilance regarding current regulations, contact with relevant bodies/agencies and working in partnership with various stakeholders to reduce the likelihood of significant incidents that could impact Qube and/or the communities in which it operates. Periodic inspections are undertaken by management and directors to assess compliance with applicable regulations and conditions. Qube engages with regulatory bodies and industry associations to keep abreast of changes to laws. Qube has in place a stakeholder engagement plan that is actively managed to mitigate the impact of major policy changes.

Health, Safety and Wellbeing Risk
Qube's ability to continue to operate and grow is dependent on its ability to continue to provide safe operating settings and to operate in a sustainable manner. The specific achievements during the period to deliver on this objective were set out above with more detailed information outlined in our FY22 Sustainability Report.

From a risk perspective, the Group will generally accept minimal levels of risk in respect of workplace safety and health with no appetite for activities that are reasonably likely to result in injury or loss of life. While it is not possible to completely eliminate risks associated with the safety of its workforce, Qube is committed to its Zero Harm safety strategy.

Qube will not accept any sustained deterioration in the performance of key safety KPI's including LTIFR, TRIFR and other key lead indicators as determined by the SHS Committee.

Key Infrastructure and Asset Risk
This is the risk that key operational sites may not have leases renewed or that leases may be terminated mid-term (due to some form of breach ie compliance). It also includes the risk of major critical asset damage or losses such as from train derailments, fires, cyclones, flood and other events including the risk that critical non Qube owned/managed infrastructure such as roads, bridges and rail are shut down for prolonged periods due to accidents or poor maintenance, or are destroyed or damaged by extreme weather or other events.

Qube is a diversified business operating in multiple sectors, and geographies servicing numerous customers in many locations across the import, export and domestic supply chains. Business disruptions impacting specific Qube or customer services and locations are unlikely to have a material or prolonged impact on the overall Qube financial performance.

Qube has long term leases over key locations and works closely with landlords to maintain strong relationships and to further enhance or develop the sites. Qube has an extensive insurance program in place supported by a global broker covering major asset losses and business interruption. Regular reviews take place with insurance brokers to assess insurance coverage and when new risks or insurance market adjustments are identified to assess required insurance coverage.

Labour and Key Management Risk
There is a risk that Qube may not be able to acquire, deploy or retain the necessary labour and senior management for operations and development projects, may only be able to do so at higher costs, or that Qube's operations may be disrupted by labour disputes. This may disrupt operations or lead to financial loss. Qube aims to be an employer of choice, offering appropriate, competitive and performance-based levels of remuneration and engaging proactively with its workforce including through ongoing focus and programs targeting safety, health and general well-being as well as non-financial employee benefits such as training and career development.

Treasury and Capital Management Risk
Qube will actively manage its funding sources and treasury activities to ensure it maintains adequate liquidity and minimises its refinancing risk. Strategies to manage Qube's financial risk include maintaining adequate available, undrawn debt facilities and cash, maintaining material headroom to financial covenants to manage an unexpected change in trading conditions, and ensuring the maturity profile of Qube's facilities does not create excessive risk through sizeable near-term maturities without a low-risk refinancing strategy.

FY22 Summary and FY23 Outlook

Qube generated strong underlying earnings growth in FY22 as a result of high volumes across most of Qube's core markets and Qube's strong market positions in these markets, as well as the contribution from prior and current year capex. The result was underpinned by Qube's network of strategic infrastructure and logistics assets as well as Qube's experienced, dedicated workforce.

The strong result was achieved despite significant ongoing challenges that have generally impacted Qube and a number of our customers and suppliers. These included the ongoing impact COVID-19, extreme weather events, skilled labour shortages, supply chain disruptions, input cost inflation, port congestion and geopolitical tensions.

A highlight in the period was the completion of the MLP monetisation in December 2021 which enabled Qube to finish the FY22 year in a sound financial position with a conservative balance sheet and a more simplified business supportive of high cash generation and sustainable earnings growth.

The combination of Qube's underlying financial performance in FY22 and positive momentum towards the end of the year, coupled with its strong balance sheet position ensures that Qube is well placed to continue to undertake accretive investment and deliver long term earnings growth.

<u>Operating Division</u>

In FY23, Qube currently expects strong growth in underlying revenue and earnings (EBITA) in the Operating Division, with the Logistics & Infrastructure business unit again expected to achieve higher earnings growth than the Ports & Bulk business unit. The extent of growth is expected to depend on a range of factors including:

- volumes in Qube's key markets (which are currently expected to be broadly consistent with activity levels in FY22)
- organic growth and productivity initiatives
- contribution from prior year growth capex and acquisitions
- ongoing cost and operational impact of COVID-19
- extent of accretive growth capex and acquisitions in FY23.

Earnings are not expected to be materially impacted by cost inflation given Qube's ability to recover higher costs through a combination of contractual protections, rate adjustments and productivity improvement.

Qube is presently forecasting FY23 capex to be around $400 to $500 million excluding potential acquisitions. Growth capex across the Operating Division will include locomotives and rolling stock, new warehouses and storage sheds and transport fleet equipment. Maintenance capex is expected to be around 85-95% of depreciation expense. It also includes the MLP IMEX and Interstate Terminal capex which is expected to be around $140-160 million (which excludes the deferred consideration of up to $100 million relating to the funding of the development of the Interstate Terminal, the majority of which is expected to be received during the period). The actual level of capital expenditure in FY23 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

<u>Patrick</u>

Qube expects continued strong growth in underlying EBITDA/EBIT for Patrick, driven by modest market growth, stable market share and improved margins through productivity initiatives and the full period benefit of higher infrastructure and ancillary charges which offset higher operating costs (including labour, fuel and rent).

Overall Qube expects that the NPATA contribution from Patrick will be modestly higher than FY22 due to an increased interest expense for Patrick, mainly resulting from higher base rates. Qube expects continued strong cash distributions from Patrick in FY23.

<u>Corporate and Interest Costs</u>

Corporate costs are expected to increase in FY23 mainly due to cost inflation, higher insurance costs and some additional resourcing.

Qube expects a significant increase in interest expense (indicatively $25-30 million above FY22) mainly resulting from higher average base rates expected in the period as well as reduced capitalisation of interest costs relating to the MLP IMEX automation which is expected to be operational in H1 FY23.

<u>Qube Group</u>

Overall, having regards to the above expectations, underlying NPATA is expected to grow relative to FY22 although the extent of growth is dependent on the factors outlined above as well as interest rates over the period.

Growth in underlying EPSA is expected to be higher than the NPATA growth due to the full year benefit from the share buyback completed in May 2022.

In summary, FY23 is expected to be another positive year for Qube though significant risks and challenges remain. Qube's strong operational and financial position make it well placed to continue to deliver sustainable long-term earnings growth.

This outlook assumes no material adverse change to current conditions in Qube's markets or domestic or global economic and/or political conditions, including any deterioration due to COVID-19 that impacts Qube's workforce, customers, markets or operations. It also assumes that the multiple extreme weather events such as those that impacted the east coast of Australia and parts of New Zealand in H2 of FY22 are not repeated in FY23.

With the completion of the MLP monetisation and with diverse operations across more than 160 operating locations predominantly in Australia and New Zealand, Qube is in a very strong financial and operating position, with a more predictable earnings profile from its well diversified and high cash generative logistics operations focused on import, export and domestic supply chains. Qube will continue to maintain a conservative balance sheet that is supportive of accretive investments to enhance long term underlying earnings growth and shareholder value creation.

Message from the Nomination and Remuneration Committee

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee of the Qube Board, I am pleased to present the Remuneration Report for FY22.

The company has performed well, again set against a challenging external environment. FY22 was another positive period for Qube with strong growth in underlying net profit after tax pre-amortisation (Group NPATA) of around 26% to a record result of $200.7 million. Underlying earnings per share pre-amortisation (EPSA) also grew strongly from 8.4 cents in FY21 to 10.6 cents in FY22, a 26% improvement.

Key contributors to the result included high earnings from container related activities, agricultural volumes, energy activities and a solid contribution from bulk and automotive related activities.

The result was achieved despite a weaker than expected contribution from forestry activities in New Zealand, the ongoing impact of skilled labour shortages, additional COVID-19 related costs across many parts of the business, adverse weather events in the second half of the period that impacted a number of logistics and bulk services, and cost inflation pressures in the latter part of the period.

A highlight during the period was the successful completion of the sale of the property and warehouse components of the Moorebank Logistics Park (MLP) in December 2021 for total consideration of around $1.67 billion (before tax, transaction costs and other adjustments). $1.36 billion was paid on financial close, $0.2 billion was paid to Qube in early August 2022, and the balance ($0.1 billion) deferred subject to the achievement of certain milestones.

The sale of the MLP and highly positive financial performance of Qube in FY22 is reflected appropriately in the executive incentive remuneration outcomes.

Change in Management Structure

Following the appointment of Paul Digney as the new Managing Director in July 2021, a revised management reporting structure was implemented to progress the Board's vision for the company. The number of Executive Key Management Personnel (KMP) increased from four to six with the promotion of three senior operational executives into Executive KMP roles and the removal of the Chief Operations Officer position, formerly occupied by the incoming Managing Director. Additionally, in late December 2021, the Chief Financial Officer (CFO) advised his intention to step down from the CFO and Executive KMP role, and a new CFO commenced with Qube in May 2022.

The Board's independent external remuneration adviser benchmarked the remuneration packages for the Managing Director and the other Executive KMP, as well as certain other senior management roles.

The benchmarking exercise considered both the quantum of remuneration at target and maximum levels, as well as the appropriate mix between fixed remuneration, short term incentives and long-term incentives. Qube's remuneration was compared against a peer group of ASX listed companies similar in size, scope and operation.

The conclusions of this review are reflected in the FY22 remuneration outcomes for the KMP described in this report.

Fixed Remuneration

For FY22, the fixed remuneration amendments reflect the outcomes of the benchmarking exercise to ensure Qube is paying competitive market-based remuneration for each role. This was of particular importance with a new management structure and the changes to the organisational focus following the divestment of the MLP.

Short-Term Incentives (STI)

The performance of the Managing Director and other Executive KMP was assessed against a combination of financial, safety, health and sustainability (SHS) and other non-financial KPIs. In order to further align the interests of management and shareholders, a new STI Plan was introduced this year, in conjunction with a minimum shareholding requirement (MSR). The new Plan requires senior executives to take their deferred STI award in share-settled rights unless they have achieved the MSR beyond which they may elect cash-settled rights. The MSR is set at a value reflecting a multiple of the executive's fixed remuneration.

Financial KPIs (50% weighting)
Underlying NPATA and underlying divisional earnings (EBITA) targets consistent with the budget were set at the commencement of the period. Appropriate adjustments were made to account for a limited number of items mainly relating to unbudgeted growth capex and budgeted growth capex that did not occur. The net impact of these adjustments did not have a significant impact on the achievement of the targets.

Safety, Health and Sustainability (SHS) KPIs (10% weighting)
The safety of our people and communities we work in is our number one value. As part of our emphasis on safety initiatives, in FY22 the safety weighting was increased to 10% for all key executives and a 100% fatality gateway was introduced applying to safety KPIs.

Despite the company's safety focus which delivered further improvement in safety initiatives and performance, in January of 2022 we were saddened and confronted by a fatal accident involving one of our employees driving between sites during his shift. His

Message from the Nomination and Remuneration Committee CONTINUED

death has had a profound effect on the company, in particular those working in his team. As a result, the Board upheld the Safety gateway and all SHS KPI awards were forfeited.

Further details of our Zero Harm philosophy, SHS KPIs, safety activities and achievements can be found in the STI Performance Scorecard in section 6c of this report.

Other Non-financial KPIs (40% weighting)
The performance of the Managing Director and other Executive KMP against other non-financial KPIs set for them is shown in detail in the STI Performance Scorecard in section 6c of this report. The Board was satisfied that the achievements against scorecard results reflected sustainable improvements above business-as-usual results.

Special MLP Achievement Modifier
In determining the STI framework for FY22, it was determined by the Board to introduce a Moorebank Achievement Modifier for FY22 only, within the bounds of the existing STI Plan to incentivise and reward those who contributed to the project. The Board saw the MLP monetisation transaction through to successful completion as being a critical component of delivering the company's strategic goals for the year. The Board acknowledges the material outcome achieved through finalisation of the transaction enabled Qube to realise substantial value, significantly reduce its debt, retain capacity for future investment and undertake the $400 million off-market share-buyback that was completed in May 2022. The Moorebank monetisation proceeds, combined with Qube's positive earnings outlook, also enabled the Board to declare a 0.7 cents per share special dividend in addition to a record full year ordinary dividend.

Long-Term Incentives (LTI)

The FY22 LTI plan is in the form of share appreciation rights. The rights only have value if the share price increases and therefore is directly aligned with shareholders' interests.

The share appreciation rights that were granted in September 2018 vested in September 2021. Over the performance period, the share price increased from the issue price of $2.68 to the price at vesting of $3.25, (in each case calculated based on the applicable VWAP period). The total shareholder return generated over the vesting period was around 30%, inclusive of dividends paid and adjusting for the impact of entitlement offers undertaken over the vesting period.

Board judgement

At the end of the financial year the Board considered outcomes against targets as well as the overall quality of results from risk and operational performance indicators. The Board determined that the achievements against targets were valid, and incentive payments appropriate.

Non-executive Director (NED) Fees

As part of the benchmarking exercise, an independent NED fee review was conducted during FY21, identifying that Qube director fees were significantly below market. Accordingly, NED fees have been increased to market levels in FY22 to ensure that Qube remains competitive in retaining and attracting experienced and capable directors in the market.

Looking ahead

The Board continues to set remuneration arrangements that are market-competitive to attract and retain high calibre executives and Board members while also being aligned with positive shareholder outcomes. In FY23 a new Equity Plan is being implemented for non-executive directors enabling them to receive board fees in share rights in lieu of cash fees, accompanied by a minimum shareholding requirement. Also, in FY23 a new LTI plan will be introduced for senior executives replacing the Share Appreciation Rights plan with performance rights. Vesting will be subject to performance hurdles including compound underlying EPSA growth and a relative shareholder return, incentivising executives to focus on aspects of the business that align with our strategy and objectives and continue to provide value for shareholders. Further details of the LTI and related hurdles will be included in our Notice of Meeting, and details of both this and the NED Equity Plan will be provided in Qube's FY23 Remuneration Report.

On behalf of the Board, I invite you to read our FY22 Remuneration Report and look forward to welcoming you to our Annual Meeting in November 2022.

Jackie McArthur
Nomination and Remuneration Committee Chair

Remuneration Report

Contents

1. Audit of this Report

This report has been audited in accordance with section 308(3C) of the Corporations Act 2001.

2. Key Management Personnel

This Remuneration Report sets out remuneration information for Qube's non-executive directors, the Managing Director and other key management personnel (KMP) for FY22. Directors and executives disclosed in this report are as follows:

Non-executive Directors	Position	Tenure
Allan Davies	Chairman, Non-executive Director	Full year
Sam Kaplan	Deputy Chairman, Non-executive Director	Full year
Ross Burney	Non-executive Director	Full year
Nicole Hollows	Non-executive Director	Full year
Stephen Mann	Non-executive Director	Full year
Jackie McArthur	Non-executive Director	Full year
Alan Miles	Non-executive Director	Full year
Executive Directors		
Paul Digney	Managing Director	Full year, appointed to position of Managing Director with effect 1 July 2021
Other executive key management personnel		
John Digney	Director – Logistics & Infrastructure	Full year, appointed KMP 1 July 2021
Todd Emmert	Director – Bulk	Full year, appointed KMP 1 July 2021
William Hara	General Counsel and Company Secretary	Full year
Michael Sousa	Director – Ports	Full year, appointed KMP 1 July 2021
Mark Wratten	Chief Financial Officer	Appointed 2 May 2022, to 30 June 2022
Former executive key management personnel		
Maurice James	Managing Director	Stepped down from the position of Managing Director and executive KMP effective 30 June 2021 but remained in service as a non-KMP employee to 31 December 2021
Paul Lewis	Chief Financial Officer	Stepped down from the position of Chief Financial Officer and executive KMP effective 1 May 2022, but remained in service as a non-KMP employee to 30 June 2022
Greg Pauline	Director, Infrastructure & Property Division	Resigned 10 July 2020

3. Remuneration Summary

Qube's approach to remuneration is based on "Reward for Performance". Remuneration is differentiated based on various measures of corporate, business unit/function and individual performance. The remuneration framework is structured to promote Qube's vision of being a leading provider of safe, efficient, and sustainable import and export-focused logistics services in Australasia, with targeted activities in South-East Asia.

a. Principles used to determine the nature and amount of executive remuneration

Qube's Vision	Qube's Strategy	Qube's Remuneration Strategy	Qube's Remuneration Strategy Principles
To be Australia's leading provider of integrated logistics solutions focussed on import and export supply chains, with a focus on health and safety first	To remain focussed on the most efficient, lowest cost operations, and expand our import and export supply chains by investing in assets, strategic sites and technology that provides barriers to entry, creates economies of scale, and ensures Qube's business remains diversified, including by geography, customer and product, to deliver sustained long-term earnings for shareholders while managing health, safety and environmental risks to the highest standards.	Qube's remuneration strategy is to provide remuneration and benefits that will attract, retain and incentivise employees to deliver the Group's Vision and Strategy.	Simplicity: simple, transparent and easy to communicate Shareholder alignment: variable with shareholder wealth creation Balance: a significant portion of remuneration is at risk but can be earned by achieving exceptional performance Values and culture: aligned with long-term sustainable growth, safety, integrity and excellence.

b. Executive remuneration framework

Remuneration Components	**Fixed Remuneration**	**Short-Term Incentive**	**Long-Term Incentive**
Purpose	Reflects the market value of the role and the executive's skills and experience	Incentive for achievement of financial and non-financial KPIs for the financial year	Incentive for long-term shareholder value creation and to assist in retention of key executives
Design	Benchmarked at market median	Financial measures that measure the achievement of the expected earnings consistent with company business plans and strategy Non-financial measures to focus management on a balance of health, safety, environmental, strategic and operational measures that underpin sustainability and growth of Qube Outcome is determined based on performance against scorecard, consisting of financial and non-financial measures Award defaults to a cash payment for the non-deferred component and to performance rights for the one-year deferred component	Performance period over three years to retain and incentivise management to deliver the Group's strategy Qube's strategy to invest in assets and strategic sites is expected to create significant shareholder wealth in the medium to long-term and be reflected in the Qube share price. For this reason, the LTI has an implicit share price performance hurdle and only has value if the share price increases Award is delivered in share appreciation rights, with three year performance period. Following vesting, there is a further retention period of two years to ensure long-term focus
Alignment with Shareholders	Attract and retain appropriately qualified and experienced executives to ensure shareholder interests are managed in an efficient and effective manner	Payments need to be fully funded from current year's profits and represent value for money to shareholders. At vesting, deferred STI rights are automatically exercised into shares up to the MSR, with shares restricted from disposal, to ensure long-term focus	Only have value if the share price increases Significant deferral of long-term incentives into Qube shares (refer Remuneration Delivery table below)
	A minimum Shareholding Requirement (MSR) policy requires executive KMP to acquire, within five years of the introduction of the policy or appointment to an executive KMP position, and hold, a minimum number of Qube shares. The number required equates to a multiple of the executive's annual Fixed Remuneration (TFR), being two times TFR for the Managing Director, and one times TFR for other executive KMP.		
Total Remuneration	Opportunity to achieve market upper quartile where exceptional results are achieved The Remuneration Mix reflects the greater portion of remuneration is variable, or 'at risk'. Refer Remuneration Mix below		
Business and Operational Risks	Financial and non-financial KPIs that appropriately take into account risk and profitability Malus provisions and deferral of incentives KPIs that include key operational risks such as health, safety and environment		

3. Remuneration Summary CONTINUED

The Board considered company strategy and reward plans on performance measurement, competitive position, and stakeholder feedback. Policy pay mix is summarised below for FY22. The mix displays remuneration at maximum.

Remuneration Mix at maximum

	Fixed Remuneration	Short term incentive (STI)	Long term incentive (LTI)
Managing Director	38%	37%	25%
Other KMP	43%	40%	17%

Remuneration Delivery

Fixed Remuneration Paid at market median	Paid as a combination of cash, superannuation and other benefits (Year 1)
STI Subject to performance scorecard	50% Default cash, employee may elect share-settled rights in lieu of cash (Year 1) 50% Paid in share-settled rights or cash-settled rights, at employee election subject to Minimum Shareholding Requirement (Year 2)
LTI Rewards for share price appreciation	Share Appreciation rights settled in shares, subject to vesting after 3 years, only if share price at vesting exceeds initial price (Years 1–3) After vesting, subject to a 2 year holding lock (Years 4–5)

Year 1 Year 2 Year 3 Year 4 Year 5

c. Governance

The Nomination and Remuneration Committee	In accordance with its Charter, the Committee is responsible for reviewing, assessing and recommending to the Board, remuneration policies and practices, and broader strategic human resources policies, that encourage sustainable enterprise outcomes, enhance long term shareholder returns, and are in accordance with applicable regulatory requirements. The Committee reviews, applies judgement and where appropriate, makes remuneration decisions under its Charter based on management's recommendations or endorses the recommendations made by management and submits them for Board approval. The Committee may seek information from other Qube Board Committees and from management and employees of the Qube Group in order to perform its duties. The Committee considers the interests of all stakeholders in fulfilling its responsibilities.
The Board	The Board has ultimate responsibility for the fixed and variable remuneration opportunity and outcomes, and determines what is value for money for shareholders. This is achieved through approval of the fixed remuneration of the Managing Director and non-executive directors and the Managing Director's variable remuneration opportunities based on the Committee's recommendations. Through the Committee, the Committee Chair and the Board Chair, the Board effectively determines the short-term remuneration outcomes for the Managing Director and fixed and short term remuneration outcomes for senior executives. There are strict arrangements in place for interactions with the Board's remuneration adviser. No Remuneration recommendations were sought or received during the 2022 financial year.

During 2022 external advisers were engaged by the Nomination and Remuneration Committee to provide information and assist the committee determine policy and make decisions. The Nomination and Remuneration Committee did not seek or receive any remuneration recommendations from the external advisers in the 2022 financial year.

4. Performance

a. Performance – 12 months to end of FY22

Qube delivered strong growth in its financial performance in FY22 with a record underlying net profit after tax (pre-amortisation). This reflected a very pleasing performance from the Operating Division as a result of organic growth, the contribution from acquisitions and growth capex and the ability to effectively mitigate cost pressures. The result also benefitted from a large increase in Qube's share of Patrick's underlying profit (comprising interest income and share of after-tax profit).

The record underlying financial performance was particularly pleasing as it was achieved despite ongoing cost and productivity impacts relating to COVID-19, global supply chain disruptions, adverse weather events and lower volumes in some activities due to trade sanctions and lower demand from China.

Qube's ability to overcome these challenges and still deliver strong financial results is attributable to Qube's diversified operations, markets and customer base and strong market positions. This has been achieved through a continuous focus on innovation and large investment over many years including on facilities, technology, safety, and equipment to build scale, capacity and operational capability.

During the period, Qube continued to invest significantly, including on acquisitions to further build Qube's scale and product diversity, equipment to support new contracts, facilities and maintenance capex to ensure the continued reliability and safety of Qube's operations.

A key focus of management in the period was the successful conclusion of the MLP monetisation process which completed on 15 December 2021. This transaction is expected to deliver Qube total consideration of around $1.67 billion (before tax, transaction costs and other adjustments) of which around $1.36 billion was received by Qube on financial close, round $0.2 billion was paid to Qube in early August 2022, and the balance deferred subject to the achievement of certain milestones.

This transaction, which is the realisation of many years of planning, construction and operational activities across the entire organisation, enabled Qube to realise a strong value for these assets while removing the risk and substantial capital expenditure associated with the construction and leasing of new warehouses. Following this transaction, Qube returns to being focussed on its core logistics business while retaining the long-term benefits of its interests in the rail terminals and logistics activities at the MLP.

The proceeds from the MLP transaction enabled Qube to complete a $400 million off-market share buy-back in May 2022 which should further enhance Qube's future EPSA. This capital management initiative was on top of the record interim dividend of 3.0 cents per share (fully franked) that was paid to shareholders in April 2022, and the final dividend declared with the full year results of 3.3 cents per share (fully franked) which will be paid in October 2022. Additionally, the MLP monetisation proceeds including the early receipt of the majority of the deferred consideration in August 2022, has enabled the Board to declare a special dividend of 0.7 cents per share (fully franked) in addition to the final ordinary dividend. The full year dividend, (inclusive of the special dividend) of 7.0 cents per share (fully franked) in FY22 is 16.7% above the prior year and represents a record full year dividend for Qube, reflective of the strong performance and positive future outlook.

As a result of its strong underlying earnings and the sale of the MLP assets, Qube finished the period in a very sound financial position with net debt of around $889.1 million, representing a leverage ratio (net debt / net debt + equity) of around 22.9% and cash and available undrawn debt facilities of around $1.3 billion. This places Qube in an excellent position to continue to deliver shareholder returns including undertaking suitable accretive investments and acquisitions to drive continued growth and further enhance the quality and diversity of Qube's business.

Although the monetisation transaction delivered significant value, profits and cash to Qube, the majority of this has never been reflected in Qube's underlying earnings which forms the basis for key remuneration outcomes. This is due to the fact that the determination of underlying earnings typically exclude large non-cash and non-recurring items, which were characteristics of the MLP project during most of the project's life.

Given the objective, tangible and significant value that was realised from the monetisation process which has and will continue to benefit shareholders, this successful transaction was reflected in the FY22 STI assessment and outcomes.

Management continued to implement new initiatives to enhance the safety performance, and also improve the reporting and tracking of safety incidents. Ninety-five percent of divisional SHS Plans were successfully implemented across the business. In some cases unforeseen COVID-19 impacts created barriers to achieving 100% implementation across all elements. Activities that were measured and assessed included risk identification, corrective action, incident closure, training and environmental audits. Results included a 17.7% reduction in the Total Recordable Injury Frequency Rate (TRIFR) and a 6.3% reduction in the Lost Time Injury Frequency Rate (LTIFR) in comparison to FY21. An active focus on more extensive reporting and tracking of critical incidents assisted in achieving the FY22 Critical Injury Frequency Rate (CIFR) of 0.69, which outperformed the FY22 target. Tragically there was a fatality during the year which occurred while an employee was driving on a public road between work sites. This is reflected in the STI Scorecard. We are cooperating fully with the investigation that the relevant agency is conducting and will be guided by their direction.

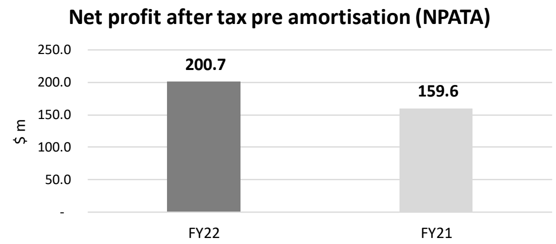
In FY22 Qube continued to take on the challenge of climate change by achieving an 8.9% reduction in our carbon intensity. We will continue to develop a pathway to achieve our greenhouse gas emission reduction goals.

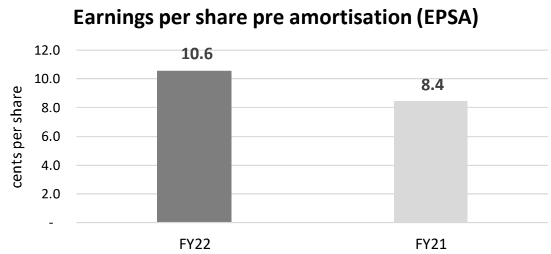
4. Performance CONTINUED

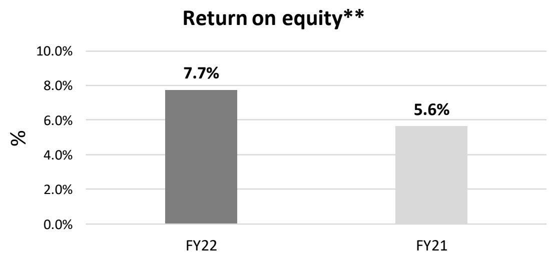
a. Performance – 12 months to end of FY22 (continued)

Qube delivered a very strong financial performance in FY22, delivering record results across most metrics.

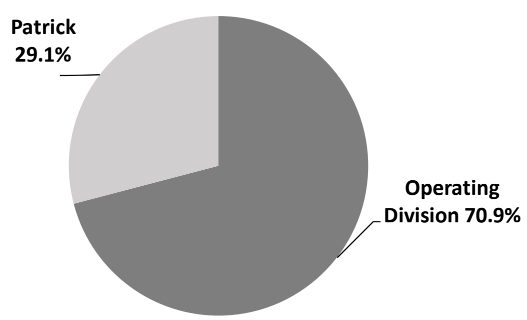
Key Underlying Financial Information		FY22	FY21	Percentage movement
Key metrics				
Revenue	$m	2,572.8	2,032.4	26.6%
EBITA	$m	221.1	182.9	20.9%
Net profit after tax (NPAT)	$m	185.7	142.5	30.3%
Net profit after tax pre amortisation (NPATA)	$m	200.7	159.6	25.8%
Net Assets attributable to Qube	$m	2,993.1	3,361.8	(11.0%)
Net Debt	$m	889.1	1,388.4	(36.0%)
Gearing	%	22.9%	29.2%	(6.3%)
Key returns				
Earnings per share (EPS)	cents	9.8	7.5	30.7%
Earnings per share pre amortisation (EPSA)	cents	10.6	8.4	26.2%
Ordinary dividend per share	cents	7.0	6.0	16.7%
Weighted av diluted shares	n. (m)	1,899.0	1,899.0	-







FY22 underlying EBITA mix*



Notes:

*Indicative split excluding contribution of Corporate Division but including Qube's 50% proportional interest in Patrick's underlying EBITA.

** ROE is calculated as the annual underlying NPATA divided by the arithmetic average of beginning, half year and year end value of securityholders' equity which has been adjusted to exclude all investment property related revaluations.

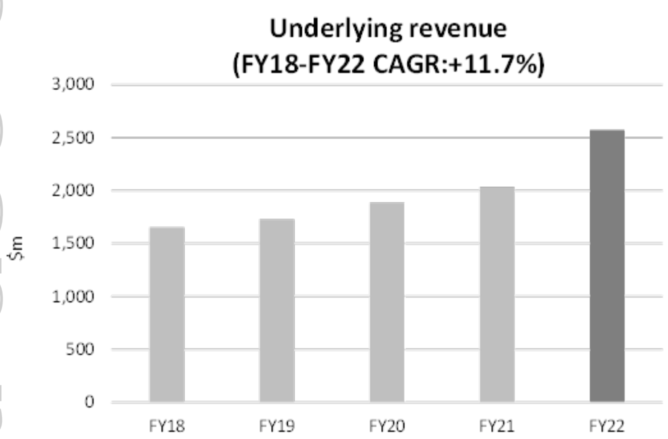
Despite the very pleasing financial performance, Qube's share price declined in the period delivering a negative total shareholder return in FY22 of around (11.3)%. As a result of the recent share price performance, based on the prevailing Qube share price at 30 June 2022, the SARSs that are due to vest in September 2022 would have no value for management. This is consistent with the Board's objective of aligning management remuneration with shareholder outcomes.

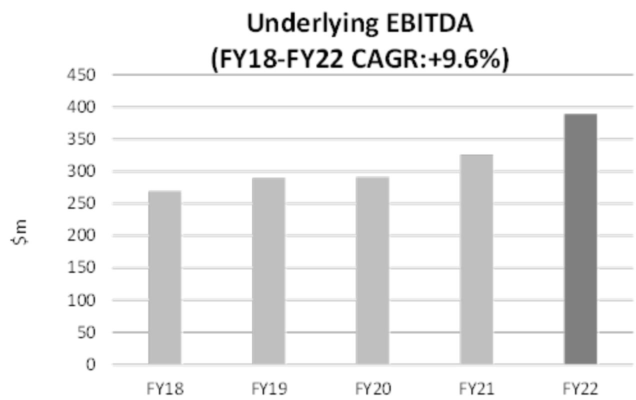
4. Performance CONTINUED

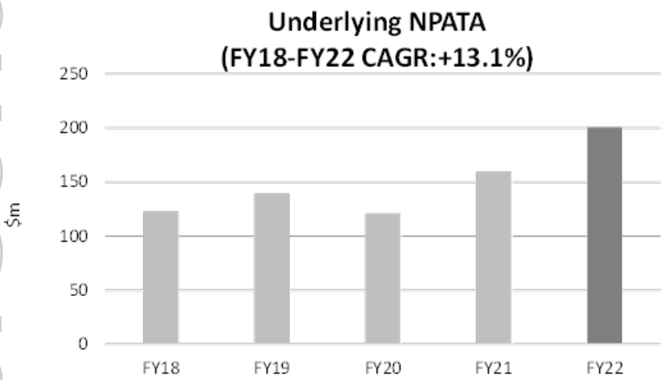
b. Performance – 5 years to end of FY22

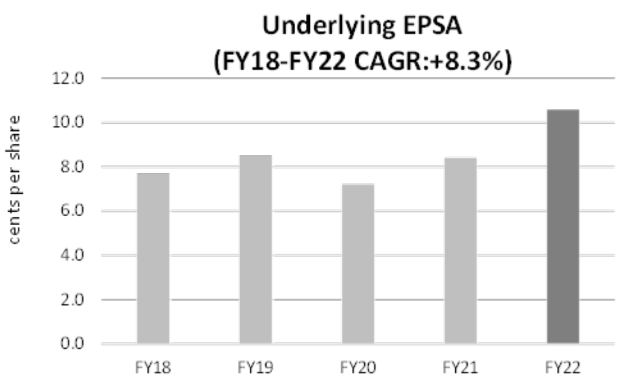
Over the five-year period to 30 June 2022, Qube's total shareholder return was around 23.9%. Over this five-year period, Qube paid semi-annual fully-franked dividends to shareholders every year and also paid two special fully franked dividends (excluding the special dividend declared as part of Qube's FY22 results). During this period Qube's market capitalisation increased by around 24.6% or $1.0 billion (or $1.4 billion adjusting for the share buyback completed in May 2022) reflecting share price growth as well as shares issued to fund Qube's growth capex and ensure that Qube maintained a prudent balance sheet.

Qube's key underlying financial metrics showed positive growth over this period driven by organic growth and the contribution from growth capex and acquisitions undertaken during this period.









5. Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes superannuation contributions, other salary sacrificed benefits, and non-monetary benefits received. For Executive KMP, TFR is targeted to be competitive having regard to relevant considerations including the reference group, experience, expertise and international marketability and mobility. The judgement on competitiveness takes into account the incentive opportunity that leverages off TFR and likely total remuneration. An annual TFR review, agreed by the Board each year, is used to adjust TFRs paid to individuals to ensure their fixed remuneration with incentives remains competitive for their specific skills, competence, and value to the company.

In setting remuneration levels for FY22, Qube appointed an independent external remuneration adviser in 2021 to assist in reviewing and formulating future remuneration arrangements for executives to ensure Qube continues to attract and retain high calibre executives. This process included benchmarking the remuneration packages for the Managing Director, other Executive KMP and certain other senior management roles. The benchmarking exercise considered both the quantum of remuneration at target and maximum levels, as well as the appropriate mix between fixed remuneration and variable pay. Qube's remuneration was compared against a peer group of ASX listed companies similar in size, scope and operation. The increases in fixed remuneration for Executive KMP in FY22 reflect the outcome of the benchmarking exercise in terms of quantum of TFR as well as balancing this component against the variable components of short-term incentives and long-term incentives.

6. Short-Term Incentive

a. Key terms

Executive KMP have the opportunity to earn an annual STI which is based on a percentage of his or her TFR. The STI percentage increases with accountability to ensure a higher proportion of remuneration is "at risk" for senior roles. The key terms and conditions of the FY22 Short-Term Incentive Plan are described below:

Participation	The Managing Director and other Executive KMP
Purpose	To align individual performance and behaviours with group objectives, and provide individuals with a competitive market position for total reward (i.e. variable and fixed pay components).
Grant date	Rights are granted after the performance period.
Eligibility	Those considered for participation in the plan must be able to impact the performance of their own work area, their business or function and also contribute to the group's overall performance.
Performance period	1 July 2021 to 30 June 2022.
Target and maximum opportunity	In FY22, the maximum STI opportunity for the Managing Director is 98% of Fixed Remuneration and for the other KMP, the maximum STI opportunity is 91% of Fixed Remuneration.
Performance conditions	The performance scorecard contains a mix of: · Financial hurdles (50%) · Safety, health and sustainability hurdles (10%) · Strategy and growth (25%-30%) · Business and operations (10%-15%) Participants are then provided with specific performance conditions aligned to their role where appropriate. This provides an appropriate balance between focussing on achieving short term financial outcomes and achieving key operational and strategic priorities that support longer term value creation.
Gateway	The safety, health and sustainability component is subject to a no-fatality gateway.
Board Discretion	The Board has discretion to further reduce STI award outcomes due to fatalities.
Non-deferred Component	50% of STI payment made after performance period, following release of the financial results. The non-deferred component is a cash award. Participant may elect to take the non-deferred award in share-settled performance rights, at the time of invitation.
Deferred Component	50% of STI payment is paid in the form of share rights. Rights are granted after the performance period, following the release of financial results. Rights vest following the release of the subsequent year financial results. Participants who meet the Minimum Shareholding Requirement (MSR) may elect, at the time of invitation, to receive cash-settled rights in lieu of share-settled rights. If the MSR is not met at vesting, rights are automatically exercised into restricted shares.
Exercise period	Vested rights may be exercised up to 15 years from the grant date.
Resignation	If the participant resigns during the performance period, the STI grant for that financial year is not awarded. If the participant's employment is terminated as a "bad leaver" during the deferral period the deferred component of the STI is forfeited.
Malus	If there has been a material misstatement of the annual financial statements or a participant breaches a post-employment condition, all or part of the deferred component of the STI is forfeited.
Change of control	On a change of control after the performance period equity awards immediately vest and are exercised. On a change of control during the performance period, subject to Board discretion the Plan may be terminated and awards paid based on 100% of the full-year Target Opportunity. The Board may increase or decrease such award having regard to the Company and participant performance during the period prior to completion of the corporate action.

6. Short-Term Incentive CONTINUED

a. Key terms (continued)

The following table describes the key terms and conditions of the Deferred component of the FY21 Short-Term Incentive Plan:

Name of plan	STI Deferred Share Plan
Year(s) of grant	FY21 STI Plan Deferred component, Rights granted 2021
Participants	All Executive KMP
Instruments Issued	Cash or shares (at election of participant)
Vesting	1 year from performance period end. Payment is made after release of full year financial results.
Acquisition of shares	Board discretion to issue shares by the company and held by the participant subject to the satisfaction of the vesting conditions or purchased on-market.
Treatment of dividends	Shares have voting and dividend rights
Treatment on termination	If the participant's employment is terminated as a "bad leaver" during the following financial year the deferred component of the STI is forfeited.
Change of control	On a change of control, a participant will be immediately entitled to receive the payment.

b. FY22 financial targets

The financial targets for the FY22 STI reflected the Board approved budgets for the period. These budgets included assumptions around a broad range of factors including market conditions, customer volumes, the industrial relations environment, interest rates, inflation and the timing and quantum of growth investment and acquisitions. At the end of the period, an assessment is made of actual outcomes compared to the targets. The targets are adjusted up or down for a very limited number of items which mainly relate to expenditure or deferral of material capex that was different to the budget assumptions, and for material unbudgeted funding initiatives such as an equity raising or share buyback.

These adjustments are intended to ensure management is not unduly rewarded or penalised in the STI outcomes for undertaking (or deferring/avoiding) unbudgeted capital expenditure or undertaking unbudgeted funding initiatives that support shareholder value creation such as raising equity to fund accretive acquisitions or growth capex.

The target was also increased in FY22 to reflect the lower depreciation expense for the MLP IMEX Terminal resulting from the impairment of this asset as part of the FY21 accounts (as this impairment was finalised after the FY22 STI targets had been determined).

No adjustments are made to targets for operational or economic variances to budget assumptions including for factors such as adverse weather, supply chain disruptions, COVID-19 impacts, trade wars or general economic conditions.

The net impact of the adjustments made in FY22 was to modestly increase the overall group NPATA target relative to the budget NPATA.

The minimum threshold required for a financial KPI to be awarded is 90% of target which results in 50% of the financial component of the STI being awarded, and the maximum outcome is achieved at 115% of target which results in 140% of the financial component of the STI being awarded.

In FY22, the group financial target was exceeded due to the strong financial performance from the Operating Division and Patrick supported by an effective treasury function to manage funding costs and availability. The financial target for the Logistics & Infrastructure activities was significantly exceeded while the financial target for the Ports & Bulk activities was above the minimum threshold but below target.

The table below summarises the financial outcomes relative to the Adjusted Targets. The relative weighting of each of the KMP to the specific financial metrics in the table reflects their ability to influence the relevant outcomes.

Financial Hurdle	Adjusted Target ($m)	FY22 Actual Outcome ($m)	% Achieved	FY21 Outcome ($m)	Performance: Change from FY21 %
Group Underlying NPATA	195.8	200.7	103%	159.6	26%
Operating Division Underlying EBITA*	241.6	249.8	103%	205.3	22%
Logistics & Infrastructure Underlying EBITA**	122.5	145.6	119%	101.4	44%
Ports & Bulk Underlying EBITA**	147.8	134.6	91%	127.9	5%

*The FY21 outcome has been adjusted to include the MLP IMEX Rail Terminal, TQ and Quattro (which were reported in the now discontinued Property Division in FY21) to ensure comparability with the FY22 outcomes.

**Excluding divisional overhead which is not reallocated to business units, and proportionally account for Qube's non-wholly owned subsidiaries in the target and outcome.

6. Short-Term Incentive CONTINUED

c. Managing Director and other Executive KMP STI Performance Scorecard

Set out in the following table is the Managing Director and other Executive KMP STI Performance Scorecard. The percentages refer to the weighting out of 100% at target.

Performance Measures	Description	Weighting		Reason Chosen	Performance Assessment
		MD	Other Executive KMP		
Financial Performance					
Group Budget NPATA	Based on underlying Budget NPATA, a sliding scale applies for outperformance against Target. If the Adjusted Group Budget NPATA is less than 90% of Target, 0%. Between 90% and 115% of Target, a multiplier of 50% to 140% applies on a sliding scale.	50%	0% - 50%	Group Budget NPATA: Focuses the Managing Director and other Corporate Executive KMP on the delivery of financial results in the year. The weighting of 50% provides a strong correlation between financial performance and STI outcomes. focuses the Executive KMP on the delivery of the overall financial results for the group in the year, including equity investments such as Patrick. Promotes a "one-Qube" culture.	The group delivered underlying NPATA that outperformed the Adjusted Target by 3%. The Adjusted Group NPATA was materially in line with the Budget NPATA reflecting the net impact of all of the approved adjustments. The underlying Group NPATA achieved in FY22 was around 26% above the FY21 underlying NPATA.
Budget EBITA – Operating Division	Based on underlying Budget EBITA, a sliding scale applies for outperformance against Target. If the Adjusted Budget EBITA is less than 90% of Target, 0%. Between 90% and 115% of Target, a multiplier of 50% to 115% applies on a sliding scale.	Nil	0% - 25%	Divisional Budget EBITA focuses the Operational Executive KMP on the delivery of financial results for the year for each Division. Ensures focus on particular division for each Executive KMP and that financial performance of each Division is determinative of the STI outcome and that outperformance in one division is not netted off against the other division in assessing STI outcomes. The EBITA weighting of 50% provides a strong correlation between financial performance and STI outcomes. Encourages the Executive KMP to promote integrated logistics solutions for customers across different businesses within Qube.	The Operating Division delivered underlying EBITA that outperformed the Adjusted Target by 3%. The Adjusted Target was around 9.0% higher than the original Budget EBITA which mainly reflected the expected underlying contribution from unbudgeted growth capex undertaken in the period. The Adjusted EBITA target for the Operating Division for FY22 was around 18% higher than the actual underlying EBITA achieved in FY21.
Divisional EBITA – Ports & Bulk or Logistics & Infrastructure	Based on underlying Budget EBITA, a sliding scale applies for outperformance against Target as per above.	Nil	0% - 25%		The Logistics & Infrastructure business unit delivered underlying EBITA that outperformed the Adjusted Target by 19%, while the Ports & Bulk business unit achieved underlying EBITA that was around 91% of the Adjusted Target.
Safety, Health and Sustainability					
SHS Leading & Lag Indicators (50% weighting of Target)	Performance against KPIs for Risk Reduction, Culture & Competence, and Environment as well as targets for LTI, LTIFR, TRIFR, Emissions, Class 3 environmental incidents, corrective action closure within due date and critical incident frequency rate.	10%	10%	Qube is committed to the safety and wellbeing of all of its employees. SHS leadership behaviours support outcomes in assessing the overall performance of the Managing Director and each senior executive. SHS is assessed against both leading initiatives and lagging measures to focus improvement on safety risk management. In the event of a fatality the SHS score is automatically forfeited.	Performance against SHS process improvement targets was 95% with performance against lead and lag safety indicator targets being around 120%. Consistent high levels of performance were achieved across all parts of the group. This equated to an overall SHS calculated KPI outcome of 97.5% of Target, or 117% inclusive of the KPI multiplier for outperforming certain specific targets. However, in recognition of the fatality in the period, the assessed outcome for the SHS KPI was reduced to 0% for all KMP.
SHS Process Improvements (50% weighting of Target)	Implementation of SHS priorities and new initiatives that have the potential to improve safety performance,				

6. Short-Term Incentive CONTINUED

c. Managing Director and other Executive KMP STI Performance Scorecard (continued)

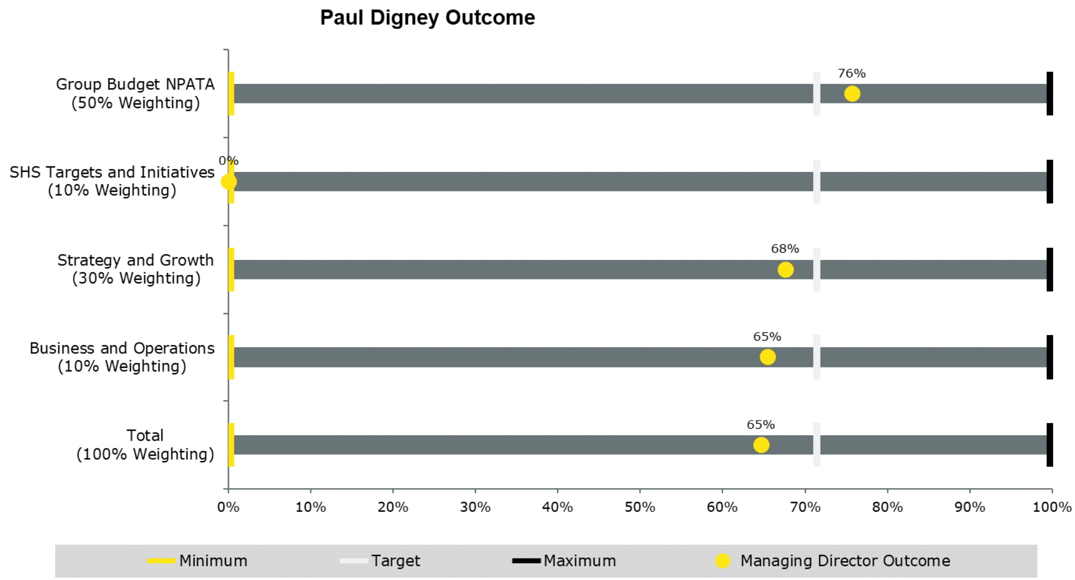
Performance Measures	Description	Weighting		Reason Chosen	Performance Assessment
		MD	Other Executive KMP		
Strategy and Growth					
Managing Director	KPIs include performance in implementing Qube and Patrick's growth strategies, effective management of the Moorebank monetisation process, successful implementation of growth capexes and major new contracts, deliver on innovation objectives	30%		To ensure the Executive KMP are focussed on a range of objectives that supports the growth of the group. Strategy and growth measures are tailored for each Executive KMP to reflect their areas of responsibility and accountability.	Qube and Patrick both delivered strong growth with accretive organic and inorganic initiatives supporting continued growth including the successful resolution of the Patrick enterprise agreement, successful completion of the Moorebank monetisation, most growth capexes and contracts performing at or above plan.
Executive KMP	**CFO** – KPIs include financial support for all projects and acquisitions, effective management of the Moorebank monetisation process, development and implementation of a funding and capital management strategy, support for group growth initiatives. **Business Unit Heads** – KPI's include effective development, management and implementation of strategic initiatives including growth projects and acquisitions, effective implementation of major new contracts, achieve ROACE targets, deliver on innovation objectives. **General Counsel** – KPI's include effective legal support for all projects and acquisitions, effective management of the Moorebank monetisation process including satisfactory resolution of all major legal matters.		25% - 30%		Successful completion of Moorebank monetisation (including resolution of key legal matters) which supported a $400 million share-buyback, identification and implementation of a number of accretive organic and inorganic initiatives that support continued growth (including several acquisitions), and most growth capexes and contracts performing at or above plan (including the major BlueScope contract that commenced in January 2022).
Business and Operations					
Managing Director	KPIs included delivery of key priorities as determined by the Audit and Risk Management Committee and Safety Health and Sustainability Committee. Develop and implement enhanced leadership structure, deliver improved group cyber outcomes, and effective stakeholder management including investors, government, customers, port authorities, as well as effective management of Board priorities.	10%		To ensure the Executive KMP are focussed on a range of objectives that support the sustainability of the group's business and operations.	Positive financial and operational risk outcomes including increased cyber awareness and testing across the group. New leadership structure implemented very effectively. Overall seamless CEO transition with constructive engagement with key stakeholders
Executive KMP	KPIs included delivery on key priorities in risk management as determined by the Audit and Risk Management Committee and Safety Health and Environment Committee, deliver improved group cyber outcomes, effective contribution to group people and culture objectives, and successful implementation of new systems or programs to meet Qube's objectives.		10% - 15%		Positive financial and operational risk outcomes including increased cyber awareness and testing across the group. Positive outcomes on people and culture initiatives achieved

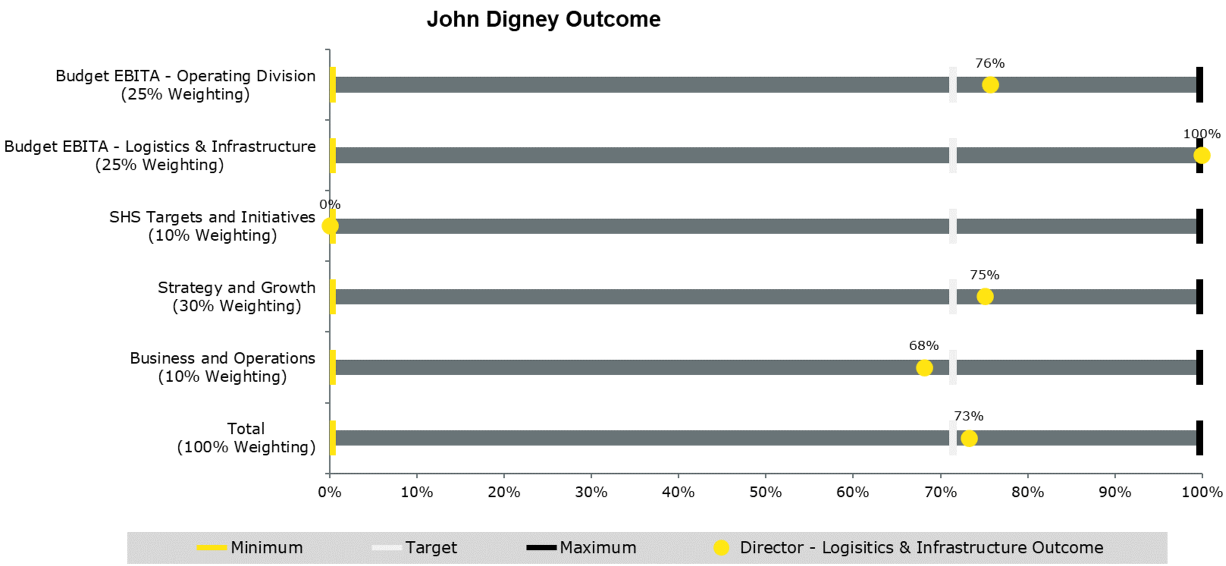
6. Short-Term Incentive CONTINUED

d. Managing Director and other Executive KMP STI Performance Outcomes

Specific STI outcomes for each of the Executive KMP are indicated in the charts below. The outcomes for each metric shown in the charts represent the dollar value of the STI actually awarded for that component of the FY22 STI Award as a percentage of the maximum value that could potentially be awarded for that component.

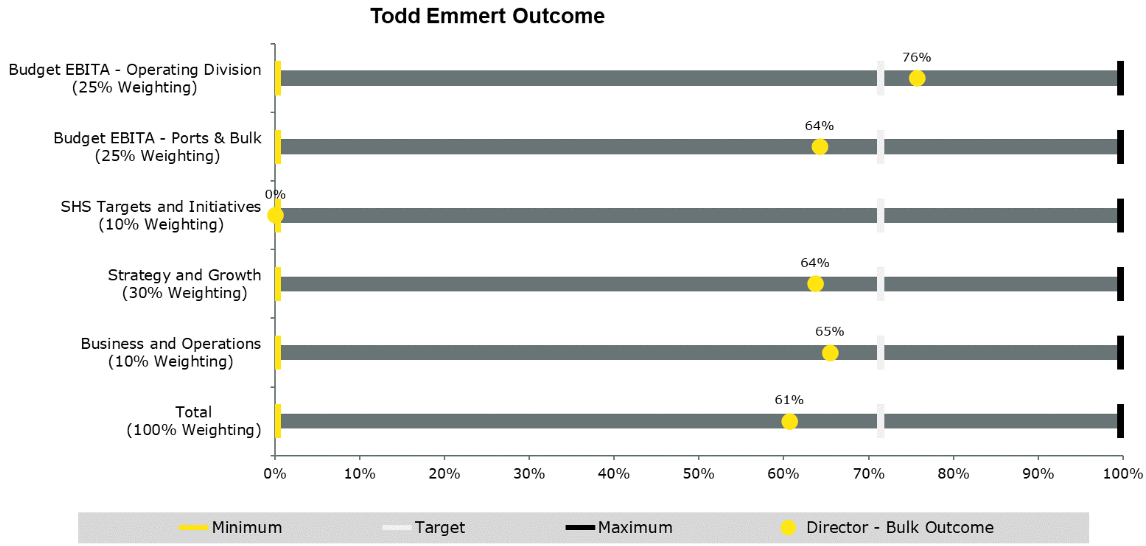
Mark Wratten was appointed as an Executive KMP in May 2022 and was not a participant in the FY22 STI Plan. Accordingly, there is no chart below for Mr Wratten.

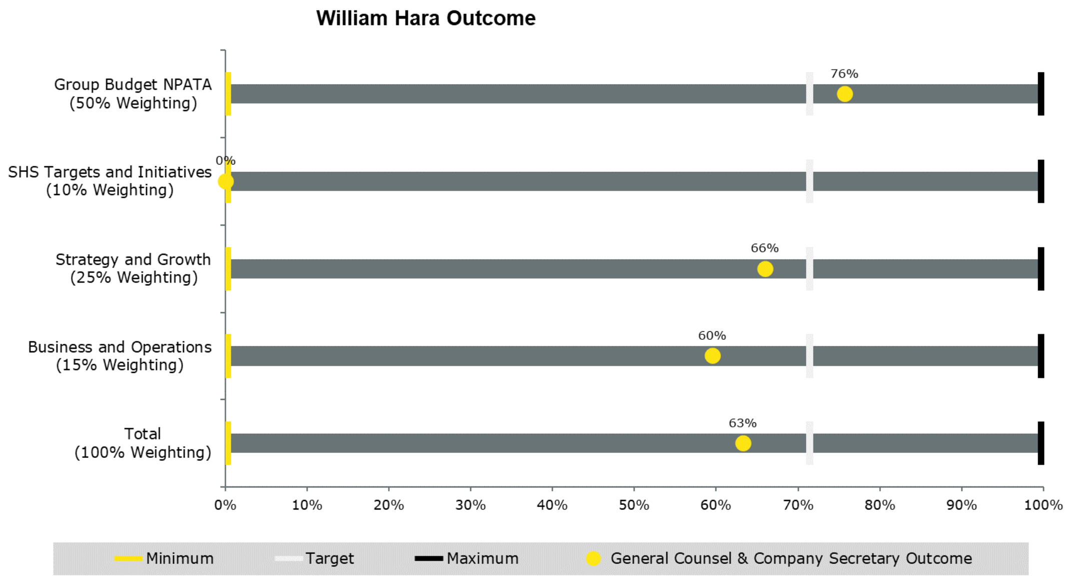




6. Short-Term Incentive CONTINUED

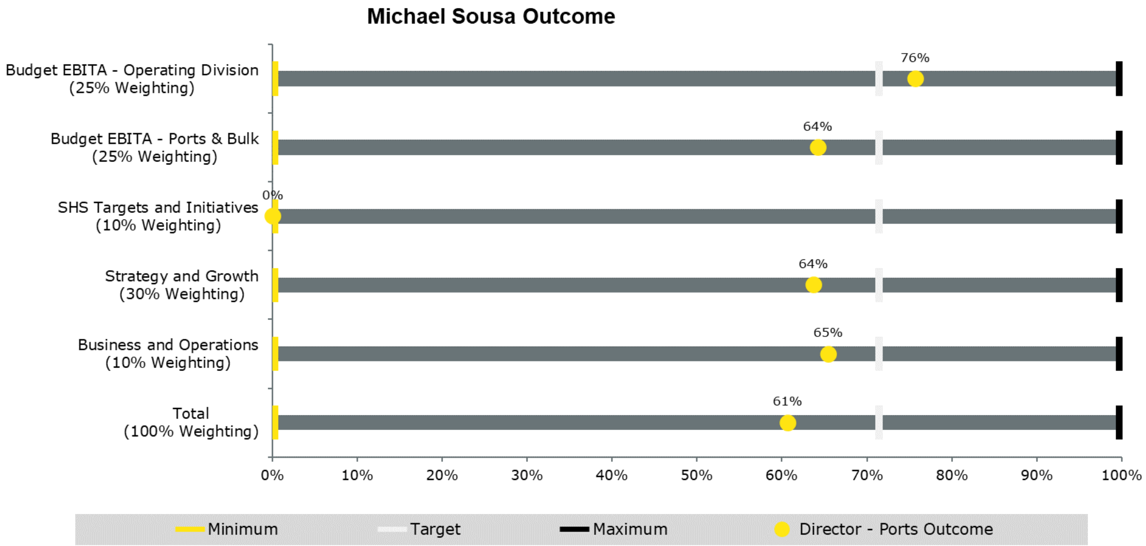
d. Managing Director and other Executive KMP STI Performance Outcomes (continued)

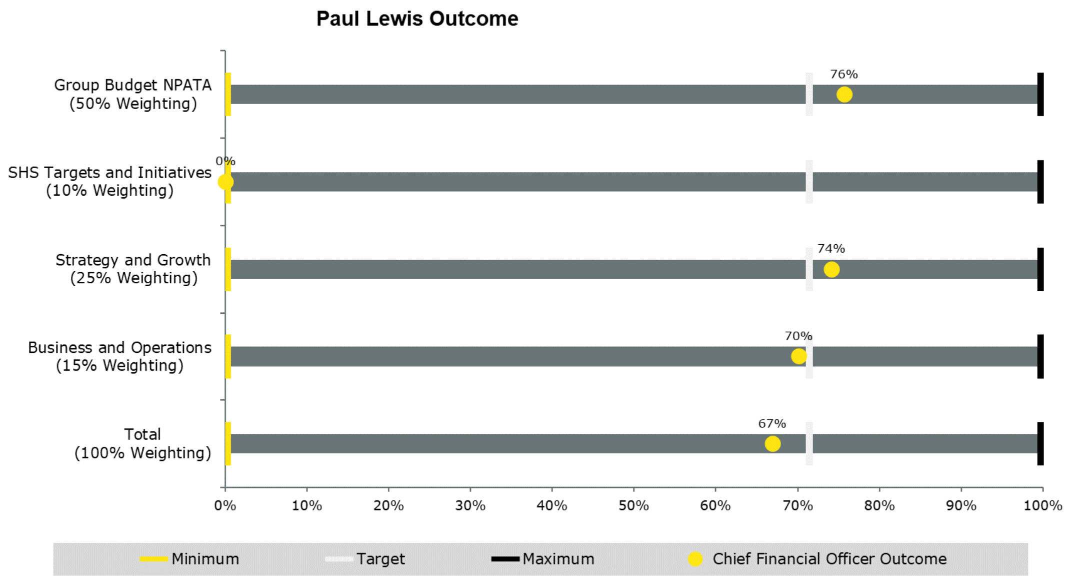




6. Short-Term Incentive CONTINUED

d. Managing Director and other Executive KMP STI Performance Outcomes (continued)





7. Long-Term Incentive

a. Current Long-Term Incentive Plan

Qube's current long-term incentive plan is the share appreciation rights (SARs) plan or LTI (SARs) plan to retain and reward executives for effectively delivering Qube's strategy, including by delivering underlying earnings growth and the successful integration, operation and development of Qube's assets. SARs are strongly aligned with the interests of shareholders and only have value if the share price appreciates over an approximate three-year period. The value of any share appreciation is delivered to the participant in shares issued at the Vesting Price that are subject to trading restriction for a further two years continuing the alignment between shareholders' and managements' interests. Grants of SARs have been made under this plan each financial year since FY17. A summary of the terms of this plan for each of the tranches that have been granted and remained on foot during FY22 is set out in the table below and in Section 11b(ii) of this report. Shareholders approved the issue of shares pursuant to these LTI plans at the Annual General Meetings held in November 2018, November 2019, November 2020, and November 2021.

Participation	The Managing Director, other Executive KMP and other executives who can directly influence the performance of Qube
Purpose	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.
Eligibility	All Executive KMP.
Instrument	Share Appreciation Rights, with an intrinsic share price hurdle.
Maximum value of equity to be granted	In FY22 the maximum LTI opportunity for the Managing Director is 65% of Fixed Remuneration, and for the other KMP, the maximum opportunity for FY22 is 40% of Fixed Remuneration.
Amount payable	SARs are issued for nil consideration.
Performance condition	As at the Vesting Date the share price must be higher than the Initial Price (exercise price) for the SARs to have any value. The Initial Prices for the SARs are:
	FY19 LTI (SAR) - $2.61
	FY20 LTI (SAR) - $3.10
	FY21 LTI (SAR) - $2.75
	FY22 LTI (SAR) - $3.25
	The Initial Prices have been adjusted for special dividends and the discount component of entitlement offers in accordance with market practice.
Performance period	3 years.
Vesting price	The volume-weighted average price (VWAP) of Qube Shares calculated over 30 trading days, being 15 trading days prior to and including the Vesting Date, and the subsequent 15 trading days.
Vesting date	The date of release of audited financial statements, approximately 3 years after the date of grant. Refer to Section 10 b (ii) for specific grant and vesting dates.
Retention period	2 years from the Vesting date.
Dividends	Dividends are not paid on SARs but are paid on vested Shares including during the Retention Period.
Retesting	No retesting is permitted.
Treatment on termination	If participant resigns during the performance period, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI will be forfeited.

b. FY22 LTI grant

Grant date	Vesting date	Expiry date*	Initial price	Value per right at grant date**
15-Nov-21	22-Aug-24	22-Aug-26	$3.25	$0.51

* End of holding lock period.
** The value per right at grant date is assessed independently in accordance with accounting standards using the Black-Scholes-Merton model.

8. 2022 Remuneration Outcomes Snapshot

a. Short-Term Incentive Outcomes

Managing Director and other Executive KMP STI Performance Outcomes

Set out below are the Managing Director and other Executive KMP STI Performance Outcomes. The percentages refer to the score out of 100% of the maximum STI opportunity.

In regard to the financial KPIs, the actual underlying performance achieved during the financial year is assessed against the challenging divisional and/or Group financial budgets set at the start of the year (Targets). In the assessment of financial performance at the end of the period the Board will take into account unbudgeted items both positive and negative. Consistent with the prior year, no COVID-19 adjustments were made to earning targets when determining outcomes.

The final outcome and scorecard outcomes can be seen in the tables in Section 6. Outcomes are summarised in the table below:

STI Component	Achievement (outcome as % of maximum STI opportunity)	
Financial KPIs	MD	75.7%
	Director - Logistics & Infrastructure	87.9%
	Director - Bulk	70.0%
	GC & Company Secretary	75.7%
	Director - Ports	70.0%
	CFO	75.7%
Safety, Health and Sustainability KPIs	MD	0.0%
	Director - Logistics & Infrastructure	0.0%
	Director - Bulk	0.0%
	GC & Company Secretary	0.0%
	Director - Ports	0.0%
	CFO	0.0%
Other non-financial KPIs	MD	67.1%
	Director - Logistics & Infrastructure	73.3%
	Director - Bulk	64.2%
	GC & Company Secretary	63.6%
	Director - Ports	64.2%
	CFO	72.7%
Overall Result	MD	64.7%
	Director - Logistics & Infrastructure	73.3%
	Director - Bulk	60.7%
	GC & Company Secretary	63.3%
	Director - Ports	60.7%
	CFO	66.9%

Moorebank Achievement Modifier (MAM)

As mentioned previously the successful completion of the sale of the property and warehouse components of the Moorebank Logistics Park (MLP) in December 2021 realised significant value for Qube, and substantial benefit for Qube shareholders.

While team members in the Corporate and Property Divisions were directly involved in the project, it was the critical cashflow and earnings generated from the Operating Division that enabled Qube to raise debt and equity on favourable terms to fund the project and enabled Qube to continue to deliver reasonable underlying earnings and dividends. So critical was the Moorebank monetisation that the Board determined it appropriate to include a MAM to the STI outcomes for those engaged in the project, and materially contributed to the project's successful completion. The MAM comprised of a 35% modifier applied to individual outcomes and within the existing remuneration framework, capped at maximum STI opportunity for each recipient where appropriate. The result is a total of $1.16 million attributed to the Moorebank Achievement Modifier across the Executive KMP, relative to the approximately $1.67 billion in total gross proceeds expected to be received as a result of the Moorebank monetisation.

The Board considers the Moorebank monetisation to be an extraordinary circumstance, and the MAM to be a one-off application.

8. 2022 Remuneration Outcomes Snapshot CONTINUED

a. Short-Term Incentive Outcomes (continued)

STI awards and rights to equity-settled compensation

Name	FY	STI Scorecard Outcome	STI award as % of Target opportunity	STI award as % of Maximum opportunity	Moorebank Achievement Modifier	Total Value of STI award ($)		
		($)	%	%	($)	Total	Cash	Shares[5]
Managing Director								
Paul Digney[1]	**2022**	**944,444**	**90.6%**	**64.7%**	**330,555**	**1,275,000**	**1,275,000**	**-**
	2021	685,000	114.7%	81.9%		685,000	685,000	-
Other executive key management personnel								
John Digney[2]	**2022**	**593,333**	**102.5%**	**73.2%**	**207,667**	**801,000**	**400,500**	**400,500**
	2021	-	-	-		-	-	-
Todd Emmert[2]	**2022**	**431,111**	**85.0%**	**60.7%**	**150,889**	**582,000**	**582,000**	**-**
	2021	-	-	-		-	-	-
William Hara	**2022**	**417,778**	**88.6%**	**63.3%**	**146,222**	**564,000**	**-**	**564,000**
	2021	551,000	102.1%	72.9%		586,551	-	586,551
Michael Sousa[3]	**2022**	**431,111**	**85.0%**	**60.7%**	**150,889**	**582,000**	**582,000**	**-**
	2021	-	-	-		-	-	-
Mark Wratten[3]	**2022**	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-
Former executive key management personnel								
Paul Lewis[4]	**2022**	**452,780**	**93.7%**	**66.9%**	**158,473**	**611,253**	**305,626**	**305,626**
	2021	566,000	116.4%	83.1%		564,335	424,500	139,835

1 Mr Paul Digney was appointed Managing Director effective 1 July 2021.
2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021.
3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.
4 Mr Lewis resigned as Chief Financial Officer, effective 1 May 2022.
5 Total value of STI award reflects the fair value at grant date for those awards settled in shares. The FY22 fair value is an estimate at balance date as the award is yet to be granted.

b. FY19 LTI (SARs) Plan

The value of a vested SAR is determined by reference to the appreciation in the market price of Qube's shares on the ASX (determined by reference to a 30-day volume weighted average price of trades undertaken on ASX) between an initial calculation date (Award Date) and the date all vesting conditions for the Award (Vesting Date) are satisfied. In accordance with ASX guidelines the SARs price and number of shares are adjusted for corporate actions between the Award Date and the Vesting Date, such as the discount component of entitlement offers and special dividends.

8. 2022 Remuneration Outcomes Snapshot CONTINUED

b. FY19 LTI (SARs) Plan (continued)

The initial price for the SARs[1] at the Award Date of 13 September 2018 was $2.68 which was adjusted to approximately $2.61 as a result of corporate actions undertaken during the period from the Award Date to the Vesting Date in accordance with normal market practice. The Vesting Price[2] at the Vesting Date of 13 September 2021 was approximately $3.25. Over the three-year performance period between the Award Date and the Vesting Date, the value of a vested SAR was $0.64 (being the difference between $3.25 and $2.61). This was above the value of the SAR awarded to management of $0.36 per SAR meaning the value received by participants in the Plan on the Vesting Date was higher than the value of the LTI awarded to them as part of their remuneration, reflecting the strong shareholder return delivered over the vesting period. Consistent with the terms of the Plan, the value of the vested SARs was converted into fully-paid Qube shares based on the vesting share price of $3.25 per share; and these shares are subject to a two-year holding lock until September 2023.

Unfortunately, due to low share prices in the market generally, the FY20 LTI (SARs) due to vest in September 2022 with an initial strike price of $3.15 will have a likely nil return despite Qube's strong financial performance.

Name	At Allocation Date		At Vesting Date		
	Number of SARs Allocated	Award Value Granted ($)	Number of Qube Shares Allocated	Award Value Received ($)	Award Value Received Compared to Award Value Granted (%)
Managing Director					
Paul Digney[1]	1,878,500	676,260	376,356	1,222,141	181%
Other executive key management personnel					
John Digney[2]	1,387,200	499,392	277,925	902,506	181%
Todd Emmert[2]	910,350	327,726	182,388	592,269	181%
William Hara	972,222	350,000	194,784	632,522	181%
Michael Sousa[2]	910,350	327,726	182,388	592,269	181%
Mark Wratten[3]	-	-	-	-	-
Former executive key management personnel					
Paul Lewis[4]	1,502,800	541,008	301,085	977,713	181%

1 Mr Paul Digney was appointed Managing Director effective 1 July 2021
2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021
3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022
4 Mr Lewis resigned as Chief Financial Officer, effective 1 May 2022

[1] In accordance with ASX guidelines for options and market practice, adjusted for special dividends in the period and the discount component of entitlement offers.
[2] The Vesting Price is the volume-weighted average price (VWAP) of shares traded on the 15 trading days before and on the Award Date and the subsequent 15 trading days

9. Take Home Pay of Managing Director and other Executive KMP

The table on the following page sets out details of the take home pay of Qube's Managing Director and other Executive KMP including the gross salary package and actual incentives paid in FY22 consistent with the STI and LTI outcomes described in section 8. This table has been included to give shareholders a better understanding of the amounts the Managing Director and other Executive KMP were entitled to receive for each component of remuneration during FY22. This information is not compliant with International Financial Reporting Standards and is unaudited. The full statutory remuneration table (which is prepared in accordance with the accounting standards) can be found in Section 11 of this report.

The table shows:

- Total Fixed Remuneration changes reflect the outcomes of the benchmarking exercise undertaken in FY21, and in the case of Paul Digney, the change in role from Chief Operating Officer in FY21 to Managing Director in FY22.
- The STI outcomes reflect the strong underlying financial performance which exceeded group Targets, and other achievements in the period including the successful completion of the MLP transaction.
- Vested long-term incentives were comprised of SARs. The SARs that vested in September 2021 (FY22) had a higher value than those that vested in September 2020 (FY21) due to delivering superior shareholder value during the performance period, with the share appreciation increasing from $0.24 for the SARs that vested in FY21 to $0.64 for the SARs that vested in FY22. As noted, the expected take home pay attributable to the SARs that vest in September 2022 is likely to be nil based on the recent Qube share price and this will be reflected in the take home pay in FY23.

9. Take Home Pay of Managing Director and other Executive KMP CONTINUED

Name	Fixed annual remuneration ($)[1]	Current year STI non deferred component ($)[2]	Prior year STI deferred component ($)[2]	Vested long term incentives ($)[3]	Termination benefits	Total take home pay ($)	Performance related remuneration (%)
Managing Director							
Paul Digney[4]							
FY22	**1,489,362**	**637,500**	**342,500**	**676,260**	**-**	**3,145,622**	**53%**
FY21	817,523	342,500	258,500	616,744	-	2,035,267	60%
Other key management personnel							
John Digney[5]							
FY22	**905,251**	**400,500**	**300,000**	**498,912**	**-**	**2,104,663**	**57%**
FY21	-	-	-	-	-	-	-
Todd Emmert[5]							
FY22	**787,050**	**291,000**	**242,500**	**327,411**	**-**	**1,647,961**	**52%**
FY21	-	-	-	-	-	-	-
William Hara							
FY22	**736,888**	**282,000**	**275,500**	**350,000**	**-**	**1,644,388**	**55%**
FY21	602,190	275,500	193,500	555,070	-	1,626,260	63%
Michael Sousa[5]							
FY22	**790,657**	**291,000**	**242,500**	**327,411**	**-**	**1,651,568**	**52%**
FY21	-	-	-	-	-	-	-
Mark Wratten[6]							
FY22	**148,374**	**-**	**-**	**-**	**-**	**148,374**	**0%**
FY21	-	-	-	-	-	-	-
Former key management personnel							
Maurice James[7]							
FY22	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FY21	1,337,806	861,500	586,500	1,394,791	-	4,180,597	68%
Paul Lewis[8]							
FY22	**751,087**	**305,626**	**236,318**	**450,840**	**-**	**1,743,871**	**57%**
FY21	676,657	283,000	198,000	493,395	-	1,651,052	59%
Greg Pauline[9]							
FY22	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FY21	18,814	-	153,000	238,547	306,643	717,004	55%

1. Fixed annual remuneration is based on current gross salary package, which includes base salary, superannuation contributions and the value of non-monetary benefits provided to the executive (inclusive of all taxes), but excludes accrued leave and is adjusted for leave taken without pay.
2. Current year STI non-deferred component represents the actual STI to be paid in October 2022 being 50% of the FY22 STI award. The remaining 50% of the FY22 STI award is deferred and will be paid in October 2023. The prior year STI deferred component represents 50% of the FY21 STI award.
3. Vested long-term incentives represent the value of the equity instruments at the date of the grant of the long-term incentives which have vested in the year. For FY22, this includes the FY19 LTI plan. Refer to sections 7 and 8 of this report for more detail.
4. Mr Paul Digney was appointed Managing Director effective 1 July 2021.
5. Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021.
6. Mr Wratten was appointed Chief Financial Officer effective 2 May 2022.
7. Mr James stepped down from the position of Managing Director and Executive KMP effective 30 June 2021 but remained in service as a non-KMP employee to 31 December 2021.
8. Mr Lewis stepped down from the position of Chief Financial Officer and Executive KMP effective 1 May 2022 but remained in service as a non-KMP employee to 30 June 2022. Figures for FY22 shown are pro-rata for time served as an Executive KMP.
9. Mr Pauline resigned from Qube during the FY21 year, effective 10 July 2020.

10. Employment Conditions

Service agreements

The terms of employment for the Managing Director and the other Executive KMP are formalised in service agreements. Each of these agreements provide for participation, when eligible, in Qube's STI and LTI plans.

The service agreements for the Executive KMP may be terminated by either party with notice as detailed below.

Name	Term of agreement	Fixed remuneration including superannuation*	Termination Notice Period**
Paul Digney, Managing Director	On-going commencing 1 July 2021	$1,489,362 per annum	6 months
John Digney, Director - Logistics & Infrastructure	On-going commencing 1 July 2021	$890,244 per annum***	6 months
Todd Emmert, Director - Bulk	On-going commencing 1 July 2021	$780,488 per annum***	6 months
William Hara, Company Secretary & General Counsel	On-going commencing 1 July 2016	$725,710 per annum***	6 months
Michael Sousa, Director - Ports	On-going commencing 1 July 2021	$780,488 per annum***	6 months
Mark Wratten, Chief Financial Officer	On-going commencing 2 May 2022	$890,244 per annum***	6 months
Former executive key management personnel			
Paul Lewis, Chief Financial Officer	Commenced 1 July 2021, resigned as Chief Financial Officer & executive KMP effective 1 May 2022, remained in service as non-KMP employee until 30 June 2022	$890,244 per annum***	6 months

* Fixed Remuneration quoted is for FY22; reviewed annually by the Committee.

** Upon early termination by the company, other than for gross misconduct, a termination payment in lieu of notice is payable.

*** Excludes non-monetary benefits.

The Managing Director employment agreement is summarised in the table below.

Condition	Description
Term	Until terminated by either party.
Fixed Remuneration	$1,489,362 per annum. Fixed remuneration includes superannuation and non-cash benefits.
Short-term incentive	Mr Digney is eligible to receive an annual STI and the maximum STI opportunity is 98% of fixed remuneration.
Long-term incentive	Mr Digney is eligible to receive an annual LTI grant and the maximum LTI opportunity is 65% of fixed remuneration.
Termination	Mr Digney is required to provide six months' notice in the event of resignation, the company is required to provide six months' notice to Mr Digney in the event of termination of employment. The company may elect to pay Mr Digney in lieu of part or all of the notice period provided by either party. The agreement provides for the company, at its discretion, to place Mr Digney on garden leave and/or to enforce restraint of trade provisions within Australia for up to six months post termination of employment as considered reasonable.
Other	The agreement contains provisions regarding leave entitlements, duties, confidentiality, intellectual property, moral rights and other facilitative and ancillary clauses. It also contains provisions regarding corporate governance and a provision dealing with the Corporations Act 2001 (Cth) limits on termination benefits to be made to Mr Digney.

11. Statutory Remuneration Disclosures

a. Total Executive KMP remuneration

Details of the remuneration of Executive KMP of the group is set out in the following table:

	Short term employee benefits			Post-employment benefits	Long term employee benefits			Other		
Name	Cash salary and fees	Incentive award (cash and shares)	Non-monetary benefits	Super-annuation	Annual leave[1]	Long service leave[1]	Long term incentive	Termination Benefits	Total	Performance related remuneration
	$	$	$	$	$	$	$	$	$	%
Executive Directors										
Paul Digney[2]										
FY22	**1,321,421**	**1,275,000**	-	**23,568**	**590,905**	**233,630**	**810,970**	**-**	**4,255,494**	**49%**
FY21	707,424	685,000	-	25,000	77,353	21,916	764,998	-	2,281,691	64%
Other executive key management personnel										
John Digney[3]										
FY22	**832,288**	**801,000**	**15,007**	**23,568**	**84,766**	**60,307**	**504,628**	**-**	**2,321,564**	**56%**
FY21	-	-	-	-	-	-	-	-	-	-
Todd Emmert[3]										
FY22	**738,488**	**582,000**	**6,562**	**23,568**	**51,213**	**63,276**	**362,093**	**-**	**1,827,200**	**52%**
FY21	-	-	-	-	-	-	-	-	-	-
William Hara										
FY22	**620,745**	**564,000**	**11,181**	**23,568**	**84,158**	**36,460**	**353,711**	**-**	**1,693,823**	**54%**
FY21[4]	496,179	586,551	10,325	21,694	54,140	20,922	424,445	-	1,614,256	63%
Michael Sousa[3]										
FY22	**673,148**	**582,000**	**10,169**	**70,953**	**57,888**	**97,015**	**362,093**	**-**	**1,853,266**	**51%**
FY21	-	-	-	-	-	-	-	-	-	-
Mark Wratten[5]										
FY22	**130,942**	**-**	**-**	**3,928**	**13,504**	**-**	**-**	**-**	**148,374**	**0%**
FY21	-	-	-	-	-	-	-	-	-	-
Former executive key management personnel										
Maurice James[6]										
FY22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FY21	1,190,318	1,585,500	-	25,000	64,427	67,174	1,654,771	-	4,587,190	71%
Paul Lewis[7]										
FY22	**670,410**	**611,253**	**7,693**	**19,680**	**65,208**	**79,505**	**480,134**	**-**	**1,933,883**	**56%**
FY21	587,432	564,335	10,325	25,000	42,687	12,147	617,063	-	1,858,989	64%
Greg Pauline[8]										
FY22	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
FY21	17,076	76,500	-	1,738	-	-	194,183	306,643	596,140	45%

1. Annual leave and long service leave represent the movement in the accrued leave balances for the year, being the current year's leave entitlement of the KMP less leave taken during the year, adjusted for any changes in fixed salary. Comparative period amounts have been restated to reflect changes in fixed salary in the prior year, to disclose cash salary and fees net of the long service leave accrual and to reclassify the accrued leave balances from cash salary and fees to annual leave.
2. Mr Paul Digney was appointed Managing Director effective 1 July 2021.
3. Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021.
4. The Cash Salary & Fees figure for FY21 for William Hara was incorrectly stated in last year's Remuneration Report. This has been corrected in the above table.
5. Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.
6. Mr James stepped down from the position of Managing Director and executive KMP effective 30 June 2021 but remained in service as a non-KMP employee to 31 December 2021.
7. Mr Lewis stepped down from the position of Chief Financial Officer and executive KMP effective 1 May 2022, but remained in service as a non-KMP employee to 30 June 2022. Figures for FY22 shown are pro-rata for time served as an executive KMP.
8. Mr Pauline resigned from Qube during the FY21 year, effective 10 July 2020.

Of the cash incentive awards to KMP awarded in FY22, 50% are to be paid in September 2022. The remaining 50% are deferred for one year. The 50% deferred portion of the FY21 STI will also be paid in September 2022.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation

(i) STI awards and rights to equity-settled compensation

In FY21 Qube offered eligible senior executives the option to elect to take all or any portion of their FY21 STI payment in Qube shares. Eligible senior executives were required to make this election shortly after the offer was made.

In FY22, the non-deferred component of the STI Plan award defaults to a cash award however Qube, offered eligible senior executives the option to take the non-deferred component in share-settled rights in lieu of cash. The deferred component of the FY22 award defaults to share-settled performance rights, however participants may elect to receive their award in cash-settled performance rights, subject to meeting the newly implemented Minimum Shareholding Requirement (MSR) Policy.

To determine the maximum number of STI share rights to be granted under the FY22 STI to eligible senior executives, after the performance period the value of the STI to be awarded in performance rights is divided by the volume weighted average price of Qube shares calculated over the 10 trading days post the results release date. 50% of the executive's STI award is granted in performance rights which are deferred for 12 months after the amount of the STI is determined.

Under the terms of the plan the eligible senior executives are also entitled to receive an amount equal to any dividends accrued on the vested rights over the period from the grant date to the exercise date.

The value of the STI actually received by the eligible senior executives is therefore dependent on the Qube share price plus any dividends that have accrued on the shares over the period.

Name	Total Target STI opportunity	Target STI Forfeited	Value of STI award	Expensed during the year
	($)	%	($)	($)
Managing Director				
Paul Digney[2]	**1,042,553**	**0%**	**1,275,000**	**1,275,000**
	597,092	0%	685,000	685,000
Other executive key management personnel				
John Digney[3]	**578,659**	**0%**	**801,000**	**801,000**
	-	-	-	-
Todd Emmert[3]	**507,317**	**0%**	**582,000**	**582,000**
	-	-	-	-
William Hara	**471,711**	**0%**	**564,000**	**564,000**
	539,540	0%	551,000	586,551
Michael Sousa[3]	**507,317**	**0%**	**582,000**	**582,000**
	-	-	-	-
Mark Wratten[4]	**-**	-	-	-
	-	-	-	-
Former executive key management personnel				
Paul Lewis[5]	**483,206**	**0%**	**611,253**	**611,253**
	486,219	0%	566,000	564,335

1 Mr Paul Digney was appointed Managing Director effective 1 July 2021
2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021
3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022
4 Mr Lewis resigned as Chief Financial Officer and executive KMP, effective 1 May 2022. Figures for FY22 shown are pro-rata for the time served as an executive KMP

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

(i) STI awards and rights to equity-settled compensation (continued)

Details of STI performance rights provided as remuneration to the Managing Director and other Executive KMP are set out below.

Name	Rights may vest	STI award taken as rights: Current	Deferred: Cash-settled	Deferred: Share-settled	Value of STI award taken as rights	Value of STI award taken as rights vested during the year*	Value per right	Total no. of rights taken as STI award*	No. of rights vested during the year*
		%	%	%	($)	($)	($)	#	#
Executive Directors									
Paul Digney	**Oct 22 – Oct 23**	**-**	**100%**	**-**	**637,500**				
	Sept 21 – Sept 22	-	-	-	-	-	-	-	-
Other executive key management personnel									
John Digney**	**Oct 22 – Oct 23**	**-**	**-**	**100%**	**400,500**				**54,498**
	Sept 21 – Sept 22	-	-	-	-	-	-	-	-
Todd Emmert**	**Oct 22 – Oct 23**	**-**	**100%**	**-**	**291,000**				**44,052**
	Sept 21 – Sept 22	-	-	-	-	-	-	-	-
William Hara	**Oct 22 – Oct 23**	**100%**	**-**	**100%**	**564,000**	**293,276**			**100,094**
	Sept 21 – Sept 22	100%	-	100%	586,551	493,493	2.75	200,189	162,506
Michael Sousa**	**Oct 22 – Oct 23**	**-**	**100%**	**-**	**291,000**				**-**
	Sept 21 – Sept 22	-	-	-	-	-	-	-	-
Mark Wratten***	**Oct 22 – Oct 23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sept 21 – Sept 22	-	-	-	-	-	-	-	-
Former executive key management personnel									
Paul Lewis****	**Oct 22 – Oct 23**	**-**	**-**	**100%**	**305,626**	**139,834**			**51,410**
	Sept 21 – Sept 22	-	-	50%	139,835	99,912	2.75	51,410	31,931

*Number of Rights taken as STI award, and Number and Value of Rights vested during the year includes the prior year deferred rights only, as the number of rights for the FY22 award is not yet known. Refer Notes 2 and 3 below

**Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021

***Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022

****Mr Lewis resigned as Chief Financial Officer and executive KMP, effective 1 May 2022. Figures for FY22 shown are pro-rata for the time served as an executive KMP

Notes:

1. Figures exclude entitlement relating to dividends earned on shares over the vesting period.
2. For the FY22 STI Plan, the value per Right is determined by the 10-day VWAP following release of the FY22 Full Year Results thus unknown at date of publication.
3. The number of vested rights during the year comprised the current year non- deferred and the prior year deferred STI components. In FY22 the number and value of rights vested during the year only shows the prior year deferred STI component as the number vested during FY22 is not yet known.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

(ii) LTI Plans – Share Appreciation Rights (SARs)

In FY19 to FY22 inclusive Qube made a grant of Share Appreciation Rights (SARs) to eligible senior executives. The terms and conditions of the grants affecting remuneration in the current or future reporting periods are as follows:

Grant date	Vesting date	Expiry date*	Initial price	Value per right at grant date	Target hurdle for 100% vesting
13-Sep-18	13-Sep-21	13-Sep-23	$2.68	$0.36	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date
12-Sep-19	12-Sep-22	12-Sep-24	$3.15	$0.43	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date
24-Aug-20	24-Aug-23	24-Aug-25	$2.75	$0.45	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date
15-Nov-21	22-Aug-24	22-Aug-26	$3.25	$0.51	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date

* End of holding lock period.

The assessed fair value at the date SARs were granted to the individual is allocated over the period from grant date to the Vesting Date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined in accordance with AASB 2 Share-based Payment using a Monte Carlo simulation-based model.

12. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

(ii) LTI Plans – Share Appreciation Rights (SARs) (continued)

Details of each type of equity-settled compensation provided as remuneration under the various LTI plans to Qube directors and Executive KMP is set out below:

Granted	LTI Plan	Total LTIs granted*	Total value of grant** ($)	Value per right ($)	No. of LTIs vested during year
Managing Director					
Paul Digney					
Sept 2021	Share Appreciation Rights	1,932,305	1,064,701	0.551	-
Sept 2020	Share Appreciation Rights	1,727,127	777,207	0.450	-
Sept 2019	Share Appreciation Rights	2,086,743	883,169	0.423	-
Sept 2018	Share Appreciation Rights	1,930,314	676,260	0.350	1,930,314
		7,676,489	3,401,337		1,930,314
Other executive key management personnel					
John Digney					
Sept 2021	Share Appreciation Rights	710,774	391,636	0.551	-
Sept 2020	Share Appreciation Rights	1,191,732	536,279	0.450	-
Sept 2019	Share Appreciation Rights	1,439,870	609,394	0.423	-
Sept 2018	Share Appreciation Rights	1,425,462	498,912	0.350	1,425,462
		4,767,838	2,036,222		1,425,462
Todd Emmert					
Sept 2021	Share Appreciation Rights	623,144	343,352	0.551	-
Sept 2020	Share Appreciation Rights	834,211	375,395	0.450	-
Sept 2019	Share Appreciation Rights	1,007,908	426,575	0.423	-
Sept 2018	Share Appreciation Rights	935,460	327,411	0.350	935,460
		3,400,723	1,472,733		935,460
William Hara					
Sept 2021	Share Appreciation Rights	579,409	319,254	0.551	-
Sept 2020	Share Appreciation Rights	809,773	364,398	0.450	-
Sept 2019	Share Appreciation Rights	978,381	414,078	0.423	-
Sept 2018	Share Appreciation Rights	999,038	350,000	0.350	999,038
		3,366,601	1,447,730		999,038
Michael Sousa					
Sept 2021	Share Appreciation Rights	623,144	343,352	0.551	-
Sept 2020	Share Appreciation Rights	834,211	375,395	0.450	-
Sept 2019	Share Appreciation Rights	1,007,908	426,575	0.423	-
Sept 2018	Share Appreciation Rights	935,460	327,411	0.350	935,460
		3,400,723	1,472,733		935,460
Former executive key management personnel					
Paul Lewis					
Sept 2021	Share Appreciation Rights	592,312	391,636	0.551	-
Sept 2020	Share Appreciation Rights	1,406,418	632,888	0.450	-
Sept 2019	Share Appreciation Rights	1,699,257	719,174	0.423	-
Sept 2018	Share Appreciation Rights	1,544,251	541,008	0.350	1,544,251
		5,242,238	2,284,706		1,544,251

* Adjusted for entitlement offer.

** Value adjusted for actual and expected vesting outcomes.

13. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

(ii) LTI Plans – Share Appreciation Rights (SARs) (continued)

Granted	Vested (%)	Vested number*	Forfeited (%)	Financial years in which rights may vest	Value yet to vest ($)	Amount expensed during the year ($)
Managing Director						
Paul Digney						
Sep-21	0%	-	0%	FY25	1,064,701	185,459
Sep-20	0%	-	0%	FY24	777,207	187,602
Sep-19	0%	-	0%	FY23	883,169	338,802
Sep-18	100%	1,930,314	0%	FY22	-	99,107
		1,930,314			2,725,077	810,970
Other executive key management personnel						
John Digney						
Sep-21	0%	-	0%	FY25	391,636	68,218
Sep-20	0%	-	0%	FY24	536,279	129,447
Sep-19	0%	-	0%	FY23	609,394	233,776
Sep-18	100%	1,425,462	0%	FY22	-	73,187
		1,425,462			1,537,309	504,628
Todd Emmert						
Sep-21	0%	-	0%	FY25	343,352	59,808
Sep-20	0%	-	0%	FY24	375,395	90,613
Sep-19	0%	-	0%	FY23	426,575	163,643
Sep-18	100%	935,460	0%	FY22	-	48,029
		935,460			1,145,322	362,093
William Hara						
Sep-21	0%	-	0%	FY25	319,254	55,611
Sep-20	0%	-	0%	FY24	364,398	87,958
Sep-19	0%	-	0%	FY23	414,078	158,849
Sep-18	100%	999,038	0%	FY22	-	51,293
		999,038			1,097,730	353,711
Michael Sousa						
Sep-21	0%	-	0%	FY25	343,352	59,808
Sep-20	0%	-	0%	FY24	375,395	90,613
Sep-19	0%	-	0%	FY23	426,575	163,643
Sep-18	100%	935,460	0%	FY22	-	48,029
		935,460			1,145,322	362,093
Former executive key management personnel						
Paul Lewis**						
Sep-21	0%	-	0%	FY25	326,363	56,849
Sep-20	0%	-	0%	FY24	527,407	127,305
Sep-19	0%	-	0%	FY23	599,311	229,908
Sep-18	100%	1,544,251	0%	FY22	-	66,072
		1,544,251			1,453,081	480,134

* Adjusted for entitlement offer

** Expensed value adjusted for pro-rata vesting commensurate with service as executive KMP. 0% forfeited as continuing service in a non-KMP capacity

11. Statutory Remuneration Disclosures CONTINUED

c. Equity instruments held by key management personnel

The tables below and on the following pages show the number of:

(a) options and rights over ordinary shares in the company, share appreciation rights; and,

(b) shares in the company

that were held during the financial year by Executive KMP of the group, including their close family members and entities related to them.

(i) Options and rights

Options

2022 Name	Balance at the start of the year	Granted as compensation LTI	Lapsed	Cancelled for net value[1]	Exercised	Other changes	Balance at the end of the year	Unvested
Paul Digney	581,844	-	-	(581,844)	-	-	-	-
John Digney[2]	-	-	-	(517,195)	-	517,195	-	-
Todd Emmert[2]	-	-	-	-	-	-	-	-
William Hara	555,985	-	-	(555,985)	-	-	-	-
Michael Sousa[2]	-	-	-	-	-	-	-	-
Mark Wratten[3]	-	-	-	-	-	-	-	-
Former executive key management personnel								
Paul Lewis[4]	-	-	-	-	-	-	-	-

1 The vested options are exercisable approximately 2 years after vesting on 3 December in the relevant year. Executives have the ability to request that the Company cancel their options for their net value in either shares or cash or a combination of both.

2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021.

3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.

4 Mr Lewis stepped down as Chief Financial Officer and a KMP effective 1 May 2022.

Rights to Shares

2022 Name	Balance at the start of the year	Granted as compensation STI[1]	Lapsed	Exercised	Other changes	Balance at the end of the year	Unvested
Paul Digney	-	-	-	-	-	-	-
John Digney[2]	n/a	54,498	-	(41,187)	41,187	54,498	54,498
Todd Emmert[2]	n/a	44,052	-	(33,286)	33,286	44,052	44,052
William Hara	62,886	100,094	-	(65,057)	2,171	100,094	100,094
Michael Sousa[2]	n/a	-	-	-	-	-	-
Mark Wratten[3]	n/a	-	-	-	-	-	-
Former executive key management personnel							
Paul Lewis[4]	32,175	51,410	-	(33,286)	(50,299)	n/a	n/a

1 FY22 STI taken in shares not included as rights are granted in October 2022. FY21 STI taken in shares included in 'Granted as compensation' as rights granted in October 2021.

2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021. Each held rights to shares prior to commencing in KMP roles, these are included in 'Other changes during the year' rather than as 'Balance at the start of the year'.

3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.

4 Mr Lewis stepped down as Chief Financial Officer and a KMP effective 1 May 2022. As a result, rights held at the date he ceased to be a KMP is reflected in the table above in the column 'Other changes during the year' as these rights were no longer held by Mr Lewis in the capacity of a KMP.

11. Statistory Remuneration Disclosures CONTINUED

c. Equity instruments held by key management personnel (continued)

(i) Options and rights (continued)

Share Appreciation Rights

2022 Name	Balance at the start of the year	Granted as compensation LTI	Lapsed	Exercised	Other changes	Balance at the end of the year	Unvested
Paul Digney	5,744,184	1,932,305	-	(1,930,314)	-	5,746,175	5,746,175
John Digney[1]	n/a	710,774	-	(1,425,462)	4,057,064	3,342,376	3,342,376
Todd Emmert[1]	n/a	623,144	-	(935,460)	2,777,579	2,465,263	2,465,263
William Hara	2,787,192	579,409	-	(999,038)	-	2,367,563	2,367,563
Michael Sousa[1]	n/a	623,144	-	(935,460)	2,777,579	2,465,263	2,465,263
Mark Wratten[2]	n/a	-	-	-	-	-	-
Former executive key management personnel							
Paul Lewis[3]	4,649,926	710,774	-	(1,544,251)	(3,816,449)	n/a	n/a

1 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021. Each held SARs prior to commencing in KMP roles, these are included in 'Other changes during the year' rather than as 'Balance at the start of the year'.

2 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.

3 Mr Lewis stepped down as Chief Financial Officer and a KMP effective 1 May 2022. As a result, the SARs held at the date he ceased to be a KMP is reflected in the table above in the column 'Other changes during the year' as these SARs were no longer held by Mr Lewis in the capacity of a KMP.

(ii) Ordinary share holdings

2022 Name	Balance at the start of the year	Received during the year as part of an LTI scheme[1]	Received during the year as part of an STI scheme[1]	Other changes during the year	Balance at the end of the year
Paul Digney	1,442,989	376,356	-	209,741	2,029,086
John Digney[2]	n/a	277,925	96,470	874,455	1,248,850
Todd Emmert[2]	n/a	182,388	77,972	446,296	706,656
William Hara	4,325,564	194,784	166,592	(35,037)	4,651,903
Michael Sousa[2]	n/a	182,388	-	576,997	759,385
Mark Wratten[3]	n/a	-	-	50,000	50,000
Former executive key management personnel					
Paul Lewis[4]	384,254	301,085	33,286	(718,625)	n/a

1 Figures include dividend entitlement adjustments under the scheme.

2 Mr John Digney, Mr Emmert, and Mr Sousa were each appointed as Executive KMP effective 1 July 2021. Each held shares prior to commencing in KMP roles, these are included in 'Other changes during the year' rather than as 'Balance at the start of the year'.

3 Mr Wratten was appointed Chief Financial Officer, effective 2 May 2022.

4 Mr Lewis stepped down as Chief Financial Officer and a KMP effective 1 May 2022. As a result, his shareholding at the date he ceased to be a KMP is reflected in the table above in the column 'Other changes during the year' as these shares were no longer held by Mr Lewis in the capacity of a KMP.

Please note where rights under the STI Plan vested prior to the end of FY22, will not be allotted until the 2023 financial year and are thus excluded from the above table.

d. Loans to key management personnel

There were no loans made to directors of Qube Holdings Limited nor any other Executive KMP of the group, including their personally-related parties, during the financial year.

e. Subordinated debt securities

Name	Opening balance as at 1 July 2021	Disposed	Other changes	Balance as at 30 June 2022
William Hara	15,107	(15,107)	-	0

12. Non-executive Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

To maintain their independence and impartiality, non-executive directors' rewards do not have any at-risk components. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the committee.

a. Directors' fees

Non-executive director fees comprise a base fee plus additional fees for directors who chair, or are a member of, a committee.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. At the 2021 AGM, shareholders approved the fee pool of $2,000,000 per annum.

The Board Chair and Deputy Chair do not receive additional fees for committee membership.

The allocation of fees for FY22 based on responsibility per non-executive director are detailed in the table below, on a full-year basis. The actual fees paid to each non-executive director is recorded in the table in Section12c and takes into account pro-rata service for those directors who took up or retired from committee positions during the year. The total fees paid during the year were $1,479,131.

				Board Committee Fees						
	Board Fees			Audit and Risk Management		Nomination and Remuneration		Safety, Health and Sustainability		
Name	**Chair**	**Deputy Chair**	**Base Director**	**Chair**	**Member**	**Chair**	**Member**	**Chair**	**Member**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Allan Davies	396,000									396,000
Sam Kaplan		218,890								218,890
Ross Burney			170,000				17,500			187,500
Nicole Hollows			170,000		20,000				17,500	207,500
Stephen Mann			170,000	40,000					17,500	227,500
Jackie McArthur			170,000			35,000				205,000
Alan Miles			170,000					35,000		205,000
Totals	396,000	218,890	850,000	40,000	20,000	35,000	17,500	35,000	35,000	1,647,390

b. Retirement allowances for non-executive directors

Where appropriate, superannuation contributions required under the Australian Superannuation Guarantee legislation are included in the non-executive directors' overall fee entitlements.

12. Non-executive Directors CONTINUED

c. Total remuneration for non-executive directors

Details of remuneration for each non-executive director and the figures for the corresponding period are set out in the table below.

	Primary		Post employment benefits	
Name	Cash salary and fees $	Non-monetary benefits $	Superannuation $	Total Remuneration $
Non executive Directors				
Allan Davies[1]				
2022	**321,418**	**-**	**23,568**	**344,986**
2021	258,454	-	21,521	279,975
Sam Kaplan[2]				
2022	**208,942**	**-**	**9,948**	**218,890**
2021	228,325	-	15,842	244,167
Ross Burney				
2022	**152,080**	**-**	**15,207**	**167,287**
2021	127,918	-	12,152	140,070
Nicole Hollows[3]				
2022	**164,482**	**-**	**16,449**	**180,931**
2021	90,229	-	8,572	98,801
Stephen Mann[4]				
2022	**181,104**	**-**	**18,109**	**199,213**
2021	137,674	-	13,079	150,753
Jackie McArthur[5]				
2022	**167,193**	**-**	**16,719**	**183,912**
2021	116,339	-	11,052	127,391
Alan Miles				
2022	**167,193**	**-**	**16,719**	**183,912**
2021	148,223	-	14,081	162,304
Former non executive Directors				
Peter Dexter[6]				
2022	**-**	**-**	**-**	**-**
2021	62,950	-	5,980	68,930
Sue Palmer[7]				
2022	**-**	**-**	**-**	**-**
2021	52,900	-	5,026	57,926

[1]Allan Davies stepped down as Interim Chair to Member of N&R Committee 12 November 2021. As Chair of the Board, no additional fees were paid for committee roles.

[2]Sam Kaplan stepped down as Chair to Member of ARM Committee 12 November 2021. As Deputy Chair of the Board, no additional fees were paid for committee roles in FY22.

[3]Nicole Hollows appointed Member of SHS Committee 12 November 2021.

[4]Stephen Mann appointed Chair of the ARM Committee effective 12 November 2021.

[5]Jackie McArthur appointed Chair of N&R Committee and resigned as Member of SHS Committee, both with effect 12 November 2021.

[6]Peter Dexter retired from the Board 27 November 2020.

[7]Sue Palmer retired from the Board 27 November 2020.

13. Directors' Interests

The relevant interests of each director in the shares of the company during the financial year as notified to the ASX are as follows:

Name	Opening balance as at 1 July 2021	Dividend reinvestment	Disposed	Other changes (Acquired)	Balance as at 30 June 2022
Allan Davies	3,954,717	-	-	-	3,954,717
Sam Kaplan[1]	1,896,236	-	-	-	1,896,236
Ross Burney	-	-	-	-	-
Paul Digney	1,442,989		-	586,097	2,029,086
Nicole Hollows	10,000	109	-	10,000	20,109
Stephen Mann	70,253	768	-	-	71,021
Jackie McArthur	15,265	167	-	25,000	40,432
Alan Miles	10,358	113	-	-	10,471

This includes shares held in the name of a spouse, superannuation fund, nominee and/or other controlled entities and deemed relevant interests.

[1] Includes shares in which Mr Kaplan has only deemed relevant interest under the Corporations Act from which Mr Kaplan may receive no economic benefit.

The relevant interests of each director in the listed debt securities of the company during the financial year as notified to the ASX are as follows:

Name	Opening balance as at 1 July 2021	Disposed	Other changes	Balance as at 30 June 2022
Allan Davies	5,154	-	-	5,154
Sam Kaplan[1]	3,000	-	-	3,000
Ross Burney	-	-	-	-
Paul Digney	-	-	-	-
Nicole Hollows	-	-	-	-
Jackie McArthur	-	-	-	-
Stephen Mann	-	-	-	-
Alan Miles	-	-	-	-

[1] Includes securities in which Mr Kaplan has only deemed relevant interest under the Corporations Act from which Mr Kaplan may receive no economic benefit.

14. Remuneration Governance

a. Nomination and Remuneration Committee

The Remuneration and Nomination Committee (the Committee) provides advice and recommendations to the Board regarding remuneration matters.

The Committee's responsibilities include, among other things:

- Ensuring the development of coherent human resource and remuneration policies and practices informed by market best practice which are observed, and which enable the group to attract, retain and motivate the talent necessary to create value for shareholders
- Fairly and responsibly rewarding directors, executives and other employees having regard to the performance of the group, the general pay environment and the individual performance of each executive and employee
- Providing advice and recommendations to the Board regarding the skills needed and available to the Board to discharge its duties and add value to the group
- Considering, and recommending to the Board, plans and candidates for non-executive director and senior executive succession
- Reviewing and overseeing the key processes employed to identify and develop key talent across the group
- Overseeing the establishment and monitoring of strategies to promote diversity and inclusion, setting objectives on diversity and reviewing achievements against those objectives
- Considering indicators of organisational culture and identifying material or systemic issues or cultural concerns arising under People and Culture processes.

A copy of the charter of the Committee is available in the Corporate Governance section on Qube's website [https://qube.com.au/about/corporate-governance/].

Members of the Committee during FY22 were:

- Allan Davies – Independent Non-executive Director (Chairman) and Chair of the Committee until 12 November 2021
- Jackie McArthur – Independent Non-executive Director and appointed Chair of the Committee from 12 November 2021
- Ross Burney – Independent Non-executive Director

At the Committee's invitation the Managing Director, and other relevant managers attend meetings in an advisory capacity and co-ordinate the work of external, independent advisors as requested. All executives are excluded from any discussions impacting their own remuneration.

Under its Charter, the Committee is to meet as requested by the Committee Chair, but not less than once a year. During FY22, the Committee formally held four scheduled meetings, and two additional unscheduled meetings to progress issues on foot. The Committee also met informally on a number of occasions to progress issues on foot and consider other matters as they arose.

The Committee engages external advisors as required. External advisers provide advice on market remuneration levels and mix, market trends, incentives and performance measurement, governance, taxation and legal compliance. The Committee requires that at least one source of advice is independent, and answerable only to the Committee.

During FY22, external advisors were engaged by management to provide information to the Nomination and Remuneration Committee to assist with making remuneration decisions. Findings were reported directly to the Committee or the Board. The Committee did not seek or receive any remuneration recommendations for the purposes of the Australian *Corporations Act 2001* during FY22.

b. Securities Dealing Policy

The Group Securities Dealing Policy applies to all NEDs and executives and is compliant with ASX Guidance Note 27 (Trading Policies). The policy prohibits employees from dealing in Qube's securities while in possession of material non-public information relevant to the Group. It further prohibits NEDs and senior management from trading securities during standard blackout periods and requires internal clearance be obtained at all other times. A copy of the policy is available from the corporate governance section of Qube's website.

Executives must not enter into any hedging arrangements over unvested options under the Qube's remuneration plan. Qube would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially, dismissal.

Annexure 1 - Glossary

Glossary	
Managing Director	The Chief Executive Officer of the company who is also a Board member.
KMP	Key Management Personnel. Those with authority and responsibility for planning, directing and controlling the activities of the entity.
Non-executive Directors	A member of a company's board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organisation but is involved in policymaking and planning exercises.
Fixed Remuneration	The Fixed component of a remuneration package, generally consisting of base salary and superannuation, it may also include other guaranteed cash and benefits for example the value of a company motor vehicle.
STI	Short-term incentive, part of an executive's variable or 'at risk' pay.
LTI	Long-term incentive, part of an executive's variable or 'at risk' pay.
SARs	Share Appreciation Rights, entitle the participant to a payment in shares equal to the appreciation in the company's stock over a specified period.
Performance Rights	A contractual right to receive a given number of ordinary shares if a nominated performance milestone is achieved.
Options	An option to subscribe for or purchase ordinary shares that can be exercised if a performance condition is achieved.
EBITA	Earnings before interest, income tax expense and amortisation. An indicator of a company's operational profitability.
NPATA	Net Profit After Tax adjusted for Qube's Amortisation and Qube's share of Patrick's Amortisation.
CIFR	Critical Incident Frequency Rate.
LTIFR	Lost Time Injury Frequency Rate.
TRIFR	Total Recordable Injury Frequency Rate.
TSR	Total shareholder return. Measured by the growth in share price over the measurement period and any dividend paid during that period.
rTSR	Qube's Total Shareholder Return (TSR) relative to the TSR of the Peer Companies selected from organisations similar in size and operations, listed on the Australian Stock Exchange (ASX).
EPS	Earnings per share. The portion of profit allocated to each share.
EPSA	EPS adjusted for Qube's amortisation and Qube's share of Patrick's amortisation.
KPI	Key performance indicators. Used to set key performance objectives and assess or monitor outcomes in achieving the objectives.

This concludes the Remuneration Report.

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Qube Holdings Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Qube Holdings Limited and the entities it controlled during the period.

JReilly

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
25 August 2022

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Financial Report

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 $m	2021 $m
Revenue from continuing operations			
Revenue	3	2,483.3	1,951.5
Other income	3	22.4	11.4
		2,505.7	1,962.9
Direct transport and logistics costs		(707.1)	(499.2)
Repairs and maintenance costs		(154.9)	(126.8)
Employee benefits expense	4	(887.7)	(758.6)
Fuel, oil and electricity costs		(194.2)	(102.7)
Occupancy and property costs		(40.0)	(33.7)
Depreciation and amortisation expense	4	(257.8)	(234.1)
Professional fees		(22.9)	(15.4)
Impairment of non-current assets	4	(2.1)	(217.1)
Fair value loss on non-current assets		(5.6)	-
Other expenses		(11.2)	(28.1)
Total expenses		(2,283.5)	(2,015.7)
Finance income		18.7	25.6
Finance costs	4	(41.9)	(58.0)
Net finance costs		(23.2)	(32.4)
Share of net profit of associates and joint ventures accounted for using the equity method		29.5	14.1
Profit/(loss) before income tax		228.5	(71.1)
Income tax (expense)/benefit	15	(92.8)	27.3
Profit/(loss) for the year from continuing operations		135.7	(43.8)
Discontinued operations			
(Loss)/profit after tax for the year from discontinued operations	25	(7.4)	135.6
Profit for the year		128.3	91.8
Other comprehensive income net of tax:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	20(a)	(6.4)	(4.7)
Change in fair value of cash flow hedges and cost of hedging	20(a)	2.8	(0.7)
Share of other comprehensive income of joint venture	20(a)	1.5	2.7
Total comprehensive income for the year		126.2	89.1
Profit for the year is attributable to:			
Owners of Qube Holdings Limited		127.5	91.6
Non-controlling interests		0.8	0.2
		128.3	91.8
Total comprehensive income for the year is attributable to:			
Owners of Qube Holdings Limited		125.4	88.9
Non-controlling interests		0.8	0.2
		126.2	89.1
Earnings per share for profit attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic earnings per share from continuing operations	5	7.1	(2.3)
Diluted earnings per share from continuing operations	5	7.1	(2.3)
Basic earnings per share from continuing and discontinued operations	5	6.7	4.8
Diluted earnings per share continuing and discontinued operations	5	6.7	4.8

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2022

	Notes	2022 $m	2021 $m
ASSETS			
Current assets			
Cash and cash equivalents	22(a)	**154.0**	125.8
Trade and other receivables	6	**888.8**	426.3
Inventories	7	**28.7**	6.5
Derivative financial instruments	32	**-**	0.1
		1,071.5	558.7
Assets classified as held for sale	25	**-**	1,660.2
Total current assets		**1,071.5**	2,218.9
Non-current assets			
Loans and receivables	8	**200.9**	237.4
Investment in equity accounted investments	26	**577.3**	578.8
Property, plant and equipment	9	**1,897.1**	1,599.6
Right-of-use assets	10	**785.1**	636.8
Deferred tax assets	16	**54.5**	-
Investment properties	11	**53.5**	46.5
Intangible assets	12	**898.5**	875.0
Derivative financial instruments	32	**34.8**	22.3
Other assets		**62.7**	25.8
Total non-current assets		**4,564.4**	4,022.2
Total assets		**5,635.9**	6,241.1
LIABILITIES			
Current liabilities			
Trade and other payables	13	**374.8**	256.9
Borrowings	21	**58.6**	-
Lease liabilities	10	**84.7**	74.5
Current tax payable	15(c)	**162.2**	9.8
Derivative financial instruments	32	**0.5**	0.9
Provisions	14	**130.7**	119.1
		811.5	461.2
Liabilities directly associated with the assets held for sale	25	**-**	165.0
Total current liabilities		**811.5**	626.2
Non-current liabilities			
Trade and other payables	13	**2.5**	4.7
Borrowings	21	**998.7**	1,525.8
Lease liabilities	10	**810.3**	642.6
Deferred tax liabilities	17	**-**	64.2
Derivative financial instruments	32	**-**	5.2
Provisions	14	**22.0**	13.6
Total non-current liabilities		**1,833.5**	2,256.1
Total liabilities		**2,645.0**	2,882.3
Net assets		**2,990.9**	3,358.8
EQUITY			
Contributed equity	19	**2,720.6**	3,088.9
Reserves	20	**-**	3.3
Retained earnings	20	**272.5**	269.6
Capital and reserves attributable to owners of Qube		**2,993.1**	3,361.8
Non-controlling interests	28	**(2.2)**	(3.0)
Total equity		**2,990.9**	3,358.8

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

As at 30 June 2022

		Attributable to owners of Qube					
	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2020		3,024.3	6.6	268.9	3,299.8	(3.2)	3,296.6
Profit for the year		-	-	91.6	91.6	0.2	91.8
Other comprehensive income		-	(2.7)	-	(2.7)	-	(2.7)
Total comprehensive income for the year		-	(2.7)	91.6	88.9	0.2	89.1
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	19(a)	62.2	-	-	62.2	-	62.2
Issue of treasury shares to employees	19(b)	6.3	-	-	6.3	-	6.3
Acquisition of treasury shares	19(b)	(6.5)	-	-	(6.5)	-	(6.5)
Fair value movement on allocation and vesting of securities	19(b)	2.6	-	-	2.6	-	2.6
Dividends provided for or paid		-	-	(90.9)	(90.9)	-	(90.9)
Employee share scheme	20(a)	-	(0.6)	-	(0.6)	-	(0.6)
		64.6	(0.6)	(90.9)	(26.9)	-	(26.9)
Balance at 30 June 2021		3,088.9	3.3	269.6	3,361.8	(3.0)	3,358.8
Balance at 1 July 2021		**3,088.9**	**3.3**	**269.6**	**3,361.8**	**(3.0)**	**3,358.8**
Profit for the year		**-**	**-**	**127.5**	**127.5**	**0.8**	**128.3**
Other comprehensive income		**-**	**(2.1)**	**-**	**(2.1)**	**-**	**(2.1)**
Total comprehensive income for the year		**-**	**(2.1)**	**127.5**	**125.4**	**0.8**	**126.2**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	19(a)	**40.6**	**-**	**-**	**40.6**	**-**	**40.6**
On-market share buy-back	19(a)	**(400.0)**	**-**	**-**	**(400.0)**	**-**	**(400.0)**
Issue of treasury shares to employees	19(b)	**26.2**	**-**	**-**	**26.2**	**-**	**26.2**
Acquisition of treasury shares	19(b)	**(25.6)**	**-**	**-**	**(25.6)**	**-**	**(25.6)**
Fair value movement on allocation and vesting of securities	19(b)	**(9.5)**	**-**	**-**	**(9.5)**	**-**	**(9.5)**
Dividends provided for or paid		**-**	**-**	**(124.6)**	**(124.6)**	**-**	**(124.6)**
Employee share scheme	20(a)	**-**	**(1.2)**	**-**	**(1.2)**	**-**	**(1.2)**
		(368.3)	**(1.2)**	**(124.6)**	**(494.1)**	**-**	**(494.1)**
Balance at 30 June 2022		**2,720.6**	**-**	**272.5**	**2,993.1**	**(2.2)**	**2,990.9**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Notes	**2022 $m**	2021 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**2,598.4**	2,149.5
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,221.7)**	(1,732.9)
		376.7	416.6
Dividends and distributions received		**34.1**	37.0
Interest received		**18.1**	31.1
Other revenue		**-**	1.5
Interest paid		**(73.0)**	(73.1)
Income taxes paid		**(57.2)**	(54.5)
Net cash inflow from operating activities	33(a)	**298.7**	358.6
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired		**(127.3)**	(65.7)
Payments for property, plant and equipment		**(389.0)**	(361.4)
Payments for MLP capital expenditure and transaction costs		**(165.7)**	-
Payments for investment property		**-**	(248.8)
Payments for acquisition of associates		**(1.5)**	-
Loans to related entities		**(8.3)**	(4.3)
Loan repayments from related entities		**36.6**	59.5
Proceeds from sale of MLP Property Assets		**1,404.1**	-
Proceeds from sale of investment property		**-**	200.1
Proceeds from sale of property, plant and equipment		**25.9**	12.3
Net cash inflow/(outflow) from investing activities		**774.8**	(408.3)
Cash flows from financing activities			
Proceeds from share issue	19(a)	**-**	34.1
Share issue transaction costs	19(a)	**-**	(0.1)
Payments for shares bought back	19(a)	**(400.0)**	-
Buy-back transaction costs	19(a)	**(2.0)**	-
Payment for treasury shares	19(b)	**(1.2)**	(2.4)
Proceeds from borrowings		**800.0**	345.0
Repayment of borrowings		**(1,265.0)**	(259.8)
Termination of derivatives		**-**	(23.7)
Principal element of lease payments		**(64.9)**	(67.3)
Dividends paid to Company's shareholders		**(107.0)**	(69.5)
Net cash outflow from financing activities		**(1,040.1)**	(43.7)
Net increase/(decrease) in cash and cash equivalents		**33.4**	(93.4)
Cash and cash equivalents at the beginning of the financial year		**125.8**	224.2
Effects of exchange rate changes on cash and cash equivalents		**(5.2)**	(5.0)
Cash and cash equivalents at end of year		**154.0**	125.8
Non-cash investing and financing activities	33(b)		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

OTHER NOTES

1. About this report

Qube Holdings Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements, comprising the Company, Qube Holdings Limited (referred to as the 'Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'Group' or 'Qube'), for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 25 August 2022. The directors have the power to amend and reissue the financial statements.

The consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, including complying with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property;
- are presented in Australian dollars, which is Qube's functional and presentation currency, with all amounts rounded to the nearest hundred thousand dollars, unless otherwise indicated, in accordance with ASIC Corporations Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2021. Refer to note 40(d) for further details; and
- equity accounts for associates listed at note 26.

The notes to the consolidated financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and
- it relates to an aspect of the Group's operations that is important to its future performance.

In preparing these consolidated financial statements the notes have been grouped under the following sections and where relevant, include the accounting policies applied in producing these notes together with any critical judgements and estimates used:

- ***Financial results for the year***: segment information, revenue & other income, expenses and earnings per share;
- ***Operating assets and liabilities***: key balance sheet items;
- ***Income taxes***: income tax expense and deferred tax balances;
- ***Capital and borrowings***: shareholder returns, equity and reserves and debt funding of the Group;
- ***Risk management***: the Group's exposure to various financial risks, their effect on the Group and how they are managed;
- ***Group structure***: business combinations, equity accounted investments and details of subsidiaries;
- ***Unrecognised items***: items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance; and
- ***Other notes***: items requiring disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, but are not considered critical in understanding the financial performance or position of the Group.

Discontinued operations

In accordance with AASB 5 the current and prior year earnings related figures (other than the segment note) have been adjusted to remove the impact of discontinued operations as outlined in note 25.

Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates and also requires management to exercise its judgement in the process of applying the Group's accounting policies. These judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

- impairment of property, plant and equipment (note 9);
- estimation uncertainties and judgements made in relation to lease accounting (note 10);
- fair value of investment properties (note 11);
- impairment of goodwill (note 12);
- deferred tax assets (note 16 & 17);
- estimated fair value less costs to sell for Moorebank Logistics Park (Note 23); and
- impairment of equity accounted investments (note 26);

are disclosed separately in the relevant notes.

Where applicable, the expected impact of COVID-19 on these items is also noted.

FINANCIAL RESULTS FOR THE YEAR

This section provides information on the financial results of the Group, including the performance at a segmental level, disclosures relevant to income and expenditure and earnings per share, along with the relevant accounting policies applied.

Note

2. Segment information

Qube's Board assesses the performance of the operating segments on a measure of underlying revenue, EBITDA and EBITA, NPAT and NPATA which excludes certain non-cash and non-recurring items from the statutory results to reflect core earnings. This reflects the way the operating businesses are managed and assessed from a profit and loss perspective by the chief operating decision maker.

On 15th December 2021, Qube completed the monetisation of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets) to the LOGOS Consortium. To reflect changes to strategic and operational responsibilities as a result of the monetisation process, the MLP port-shuttle (IMEX) Terminal has been reported in the Operating Division with effect from 1 July 2021 and the development and involvement in the MLP Interstate Terminal has also been reported in the Operating Division.

Due to the sale of the MLP Property Assets and the reporting structure changes, the prior year figures are not comparable.

(a) Description of segments

Operating Division

The Operating Division comprises two core business units, being Logistics & Infrastructure and Ports & Bulk, with these units supported by a Divisional Corporate function.

Logistics & Infrastructure provides a broad range of services relating to the import and export of mainly containerised cargo as well as outsourced industrial logistics services across heavy transport, mobile crane and renewable energy industries. The services currently provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of containers to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, provision of lifting services or equipment and bulk rail and containerised haulage storage and handling for rural commodities. The business operates nationally with strategic locations near the ports in key capital cities. It also includes, AAT, a multi-user facility provider to the Australian stevedoring industry, operating terminals with facilities for importing and exporting motor vehicles, machinery, and projects and general cargo.

From 1 July 2021, the MLP IMEX Terminal (previously reported in the Property Division), and the MLP Interstate Terminal development and future operations are also part of Logistics & Infrastructure.

Ports and Bulk has two core activities comprising port logistics and bulk logistics. It provides a range of logistics services relating to the import and export of mainly non-containerised freight, with a major focus on automotive, forestry, bulk and break bulk products.

Qube's port logistics activities are focused on the provision of an integrated logistics solution for the automotive industry, covering a range of activities including stevedoring, processing and delivery. Qube also provides stevedoring and related logistics services for the energy industry, forestry products and project and general cargo.

Qube's bulk logistics activities are aimed at offering customers a comprehensive logistics solution from mine-to-ship covering activities including transport, stockpile management, storage facilities and stevedoring. Qube handles a diverse range of commodities including iron ore, copper, nickel concentrate and mineral sands.

Property Division (Formerly Infrastructure & Property)

This Division has been discontinued as it primarily comprised the MLP project. The property related assets of this project were sold in December 2021 and the remaining logistics and terminal activities have been transferred to the Operating Division.

Patrick

Qube owns a 50% interest in Patrick with the other 50% owned by Brookfield and its managed funds. Patrick is an established national operator providing container stevedoring services in the Australian market with operations in the four largest container terminal ports in Australia. Given the material nature of this investment to Qube, this joint venture is being reported as a separate segment.

Corporate and Other

Corporate and Other is the only non-operating segment reporting to the Board. The primary focus of the corporate head office is to provide strategic, commercial and treasury support to the divisions as well as to develop and manage new growth opportunities that do not fall within one of the existing divisions. It also includes managing a broad range of reporting, safety, health and environment, corporate governance and other functions of the Group.

(b) Segment information provided to the Board

2022	Operating Division $m	Property Division $m	Corporate & Other $m	Patrick* $m	Total $m
Revenue and other income	**2,508.2**	**12.1**	**(2.5)**	**-**	**2,517.8**
Intercompany trading	67.4	-	2.7	-	70.1
Fair value gains on investment property	(7.0)	-	-	-	(7.0)
Discontinued operations	-	(12.1)	-	-	(12.1)
Acquisition adjustment	1.0	-	-	-	1.0
AASB 16 leasing adjustments	1.3	-	-	-	1.3
Other	1.7	-	-	-	1.7
Underlying revenue	**2,572.6**	**-**	**0.2**	**-**	**2,572.8**

A reconciliation of net profit/(loss) before income tax to underlying net profit after tax attributable to members is as follows:

Net profit/(loss) before income tax	**223.4**	**(16.3)**	**(34.2)**	**45.0**	**217.9**
Share of (profit)/loss of equity accounted investments	(1.2)	-	-	(28.3)	(29.5)
Net finance (income)/cost	36.3	5.1	3.6	(16.7)	28.3
Depreciation and amortisation	256.1	0.6	1.5	-	258.2
EBITDA	**514.6**	**(10.6)**	**(29.1)**	**-**	**474.9**
Impairment of loan to associate	2.1	-	-	-	2.1
Fair value gains on investment property	(7.0)	-	-	-	(7.0)
AASB 16 leasing adjustments	(96.0)	-	(1.8)	-	(97.8)
Discontinued operations	-	8.5	-	-	8.5
Gain on sale of discontinued operations	-	(3.3)	-	-	(3.3)
Fair value loss on non-current assets	-	5.6	-		5.6
Other	6.0	-	(0.2)	-	5.8
Underlying EBITDA	**419.7**	**0.2**	**(31.1)**	**-**	**388.8**
Underlying depreciation	(167.3)	(0.2)	(0.2)	-	(167.7)
Underlying EBITA	**252.4**	**-**	**(31.3)**	**-**	**221.1**
Underlying amortisation	(6.8)	-	-	-	(6.8)
Underlying EBIT	**245.6**	**-**	**(31.3)**	**-**	**214.3**
Underlying net finance income/(cost)	0.2	-	(23.8)	16.7	(6.9)
Share of profit of equity accounted investments	1.2	-	-	28.3	29.5
Underlying adjustments AASB 16 leasing	0.1	-	-	14.5	14.6
Underlying adjustments other	(2.7)	-	-	(0.1)	(2.8)
Underlying share of profit/(loss) of equity accounted investments	**(1.4)**	**-**	**-**	**42.7**	**41.3**
Underlying net profit/(loss) before income tax	**244.4**	**-**	**(55.1)**	**59.4**	**248.7**
Underlying income tax benefit/(expense)	(73.9)	-	16.7	(5.0)	(62.2)
Underlying net profit/(loss) after tax	**170.5**	**-**	**(38.4)**	**54.4**	**186.5**
Underlying non-controlling interests	(0.8)	-	-	-	(0.8)
Underlying net profit/(loss) after tax attributable to members	**169.7**	**-**	**(38.4)**	**54.4**	**185.7**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**174.8**	**-**	**(38.8)**	**64.7**	**200.7**

Underlying diluted earnings per share (cents per share)	**9.8**
Underlying diluted earnings per share pre-amortisation (cents per share)	**10.6**

(b) Segment information provided to the Board (continued)

2021	**Operating Division**	**Property Division**	**Corporate & Other**	**Patrick***	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
Revenue and other income	**1,962.7**	**214.5**	**0.2**	**-**	**2,177.4**
Intercompany trading	48.2	2.0	-	-	50.2
Fair value gains	(6.5)	(195.6)	-	-	(202.1)
Minto sale adjustment	-	2.8	-	-	2.8
Quattro acquisition adjustment	2.8	-	-	-	2.8
AASB 16 leasing adjustments	1.3	-	-	-	1.3
Underlying revenue	**2,008.5**	**23.7**	**0.2**	**-**	**2,032.4**

A reconciliation of net profit/(loss) before income tax to underlying net profit after tax attributable to members is as follows:

Net profit/(loss) before income tax	**173.1**	**(35.1)**	**(49.5)**	**34.1**	**122.6**
Share of (profit)/loss of equity accounted investments	(1.3)	-	-	(12.8)	(14.1)
Net finance (income)/cost	27.5	10.5	20.6	(21.3)	37.3
Depreciation and amortisation	229.0	4.1	1.6	-	234.7
EBITDA	**428.3**	**(20.5)**	**(27.3)**	**-**	**380.5**
Impairment of investment in associate	-	11.1	-	-	11.1
Impairment of loan to associate	3.8	-	-	-	3.8
Impairment of property, plant and equipment	-	202.2	-	-	202.2
Minto sale adjustment	-	2.8	-	-	2.8
Quattro acquisition adjustment	2.8	-	-	-	2.8
JobKeeper repayment	16.9	-	-	-	16.9
Fair value losses/(gains)	(6.5)	(195.6)	-	-	(202.1)
AASB 16 leasing adjustments	(91.2)	(0.8)	(1.6)	-	(93.6)
Intercompany trading	(3.9)	3.9	-	-	-
Acquisition costs	0.6	-	-	-	0.6
Other	0.6	-	-	-	0.6
Underlying EBITDA	**351.4**	**3.1**	**(28.9)**	**-**	**325.6**
Underlying depreciation	(139.4)	(3.1)	(0.2)	-	(142.7)
Underlying EBITA	**212.0**	**-**	**(29.1)**	**-**	**182.9**
Underlying amortisation	(10.8)	-	-	-	(10.8)
Underlying EBIT	**201.2**	**-**	**(29.1)**	**-**	**172.1**
Underlying net finance income/(cost)	1.1	-	(25.9)	21.3	(3.5)
Share of profit/(loss) of equity accounted investments	1.3	-	-	12.8	14.1
Underlying adjustments AASB 16 leasing	0.1	-	-	13.9	14.0
Underlying adjustments other	(3.1)	-	-	(0.3)	(3.4)
Underlying share of profit/(loss) of equity accounted investments	**(1.7)**	**-**	**-**	**26.4**	**24.7**
Underlying net profit/(loss) before income tax	**200.6**	**-**	**(55.0)**	**47.7**	**193.3**
Underlying income tax benefit/(expense)	(60.7)	-	16.5	(6.4)	(50.6)
Underlying net profit/(loss) after tax	**139.9**	**-**	**(38.5)**	**41.3**	**142.7**
Underlying non-controlling interests	(0.2)	-	-	-	(0.2)
Underlying net profit/(loss) after tax attributable to members	**139.7**	**-**	**(38.5)**	**41.3**	**142.5**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**147.3**	**-**	**(38.5)**	**50.8**	**159.6**

Underlying diluted earnings per share (cents per share)	**7.5**
Underlying diluted earnings per share pre-amortisation (cents per share)	**8.4**

*A reconciliation of the Patrick underlying contribution to the Qube results can be found in note 26.
**Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Qube's proportionate share of Patrick amortisation net of tax.

(b) Segment information provided to the Board (continued)

	Operating Division $m	Property Division $m	Corporate & Other $m	Patrick $m	Total $m
2022					
Total segment assets	**4,511.9**	**-**	**382.4**	**741.6**	**5,635.9**
Total assets include:					
Investments in associates and joint ventures	36.6	-	-	540.7	577.3
Loans to equity accounted investments	17.4	-	-	200.9	218.3
Additions to non-current assets (other than financial assets and deferred tax)	699.0	-	0.3	-	699.3
Total segment liabilities	**1,424.5**	**-**	**1,220.5**	**-**	**2,645.0**
2021					
Total segment assets	**3,535.2**	**1,878.1**	**48.4**	**779.3**	**6,241.0**
Total assets include:					
Assets included in discontinued operations	-	1,660.2	-	-	1,660.2
Investments in associates and joint ventures	36.9	-	-	541.9	578.8
Loans to equity accounted investments	11.1	-	-	237.4	248.5
Additions to non-current assets (other than financial assets and deferred tax)	475.2	398.8	0.1	-	874.1
Total segment liabilities	**1,073.3**	**232.3**	**1,576.6**	**-**	**2,882.2**
Total liabilities include:					
Liabilities included in discontinued operations	-	165.0	-	-	165.0

Underlying Information is determined as follows:

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude certain non-cash and non-recurring items in order to more accurately reflect the underlying performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates and applying a 30% tax rate to the NPBT for each of Qube's associates.

EBITDA is net profit before tax adjusted to remove share of profit of associates, net finance costs, depreciation and amortisation.

EBITA is **EBITDA** adjusted to remove depreciation.

EBIT is **EBITA** adjusted to remove amortisation.

NPAT is net profit after tax attributable to Qube's shareholders.

NPATA is **NPAT** pre-amortisation net of tax, including Qube's proportionate share of Patrick amortisation net of tax.

(c) Other segment information

Qube operates principally in Australia and has no single external customer for which revenues amount to 10% or more of total revenue.

(i) ***Segment assets***

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

(ii) ***Segment liabilities***

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

The Group's borrowings (excluding leases and debt facilities for ISO Ltd) are not considered to be segment liabilities, but rather managed centrally by the treasury function.

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

3. Revenue and Other income

	2022	2021
	$m	$m
Revenue		
Logistics revenue	**1,018.0**	775.2
Ports & Bulk revenue	**1,423.6**	1,134.8
Rental and property related revenue	**15.9**	10.5
Management fees	**0.9**	0.1
Other revenue	**24.9**	30.9
Total revenue	**2,483.3**	1,951.5
Other income		
Fair value gains on investment property	**7.0**	6.5
Net gain on disposal of property, plant & equipment	**9.3**	1.6
Other	**6.1**	3.3
Total other income	**22.4**	11.4

ACCOUNTING POLICY

Recognition and measurement

Logistics revenue

Logistics provides a broad range of services mainly relating to the import and export of containerised cargo. The services provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of freight to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, and bulk and containerised rail haulage for rural and other commodities.

Client contracts outline the services to be provided and the rate. The rate for storage and warehousing is time based (i.e. daily storage) and service rates are based on the service obligations to be provided (task). Revenue is recognised over time in relation to services rendered, storage and warehousing. Work in progress (accrued revenue) is recognised for any unbilled stages of the tasks.

Ports & Bulk revenue

Ports and Bulk has two core activities comprising port logistics and bulk logistics. It provides a range of logistics services mainly relating to the import and export of non-containerised freight, with a major focus on automotive, forestry, mineral resources, energy, project cargo, bulk and break bulk products. The services provided include stevedoring, storage, vehicle handling and road transport, the provision of lifting services or equipment and bulk and containerised rail haulage for resource commodities.

Client contracts outline the service to be provided and the rate. The rate for services are based on the service obligations to be provided (task). Revenue is recognised over time in relation to services rendered. Work in progress (accrued revenue) is recognised for any unbilled stages of the tasks.

Rental and property related revenue

Rent from investment property and lease revenue from operating leases are recognised in the statement of comprehensive income on a straight-line basis over the lease term. Rent not received at balance sheet date is reflected in the balance sheet as a receivable or if paid in advance, as rents in advance. Lease incentives granted are recognised over the lease term, on a straight-line basis, as a reduction of rent.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Discontinued operations

In accordance with accounting standards the above figures have been adjusted to remove the impact of discontinued operations as outlined in note 25.

4. Expenses

	2022 $m	2021 $m
Profit before income tax includes the following specific expenses:		
Depreciation		
Land and buildings	**6.4**	7.6
Plant and equipment	**143.3**	120.5
Leasehold improvements	**16.8**	12.9
Right-of-use asset	**83.7**	82.3
Total depreciation *(refer note 9 & 10)*	**250.2**	223.3
Amortisation		
Customer contracts	**3.8**	7.1
Port concessions	**3.8**	3.7
Total amortisation *(refer note 12)*	**7.6**	10.8
Total depreciation and amortisation expense	**257.8**	234.1
Finance costs		
Interest and finance costs paid/payable	**39.3**	44.3
Lease borrowing costs *(refer note 10)*	**35.7**	34.5
Total interest and finance charges expense	**75.0**	78.8
Interest capitalised	**(13.7)**	(15.2)
Fair value gain – derivative instruments	**(19.4)**	(5.6)
Total finance costs	**41.9**	58.0
Rental expense relating to operating leases		
Property	**17.3**	14.2
Plant, equipment and motor vehicles	**20.8**	10.5
Total rental expense relating to operating leases (*refer note 10*)	**38.1**	24.7
Employee benefits expense		
Defined contribution superannuation expenses	**55.0**	43.9
Share-based payment expenses *(refer note 37(c))*	**7.5**	7.8
Other employee benefits expense	**825.2**	706.9
Total employee benefits expense	**887.7**	758.6
Other expenses includes:		
Impairment of investments in associate and loans to associates	**2.1**	14.9
Impairment of property, plant and equipment *(refer note 9)*	**-**	202.2
	2.1	217.1

ACCOUNTING POLICY

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred less amounts which have been capitalised in the cost of qualifying assets.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Superannuation is paid to employees based on statutory rates or employment contracts where applicable. Staff who are members of a defined contribution fund receive fixed contributions from the Group and the Group’s legal or constructive obligation is limited to these contributions.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created or likely to create a constructive obligation.

(v) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities. On-costs include payroll tax, worker’s compensation and superannuation where payment is expected.

(vi) Share-based payments

Share-based compensation benefits are provided to certain senior management via the Group’s executive long-term incentive plans (LTIs) and, if the eligible employee elects to do so, via the Group’s short-term incentive plan (STI). The LTIs include both performance and service based hurdles. The fair value of the benefits under these schemes is expensed to the profit and loss over the period over which the employee incentive vests, with a corresponding increase in other equity reserves.

The STI plan includes both performance and service based hurdles and is expensed through the profit or loss over the relevant vesting period.

5. Earnings per share

	2022	2021
(a) Basic earnings per share	**Cents**	Cents
From continuing operations attributable to the ordinary equity holders of the Company	**7.1**	(2.3)
From discontinued operations	**(0.4)**	7.1
Total basic earnings per share attributable to the ordinary equity holders of the Company	**6.7**	4.8
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**7.1**	(2.3)
From discontinued operations	**(0.4)**	7.1
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**6.7**	4.8
(c) Earnings used in calculating earnings per share	$m	$m
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share		
From continuing operations	**134.9**	(44.0)
From discontinued operations	**(7.4)**	135.6
	127.5	91.6
(d) Weighted average number of shares used as the denominator	**Number**	Number
Weighted average number of ordinary shares used as the denominator in calculating:		
Basic earnings per share	**1,898,940,774**	1,897,633,021
Diluted earnings per share	**1,898,950,795**	1,899,178,480

ACCOUNTING POLICY

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year adjusted (where applicable) for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

OPERATING ASSETS AND LIABILITIES

This section provides information about key balance sheet items, including the accounting policies applied and the critical judgements and estimates used, which are relevant to understanding these items.

Note

6. Trade and other receivables

Current	**2022 $m**	2021 $m
Trade receivables	**454.1**	326.7
Loss allowance (a)	**(11.8)**	(12.4)
	442.3	314.3
Prepayments	**24.8**	43.3
Accrued revenue	**87.5**	42.8
Lease receivable	**1.1**	0.5
Interest receivable	**6.0**	5.9
Deferred consideration on sale of MLP Property Assets	**300.0**	-
Other	**27.1**	19.5
	888.8	426.3

(a) Impaired trade receivables

As at 30 June 2022 the loss allowance was $11.8 million (2021: $12.4 million). Qube has not experienced any significant deterioration in the collectability of receivables in FY22 due to COVID-19.

	2022 $m	2021 $m
The ageing of these receivables is as follows:		
Up to 3 months	**(5.4)**	(6.3)
3 months and greater	**(6.4)**	(6.1)
	(11.8)	(12.4)
Movements in the loss allowance for impairment of receivables is as follows:		
Carrying amount at start of year	**(12.4)**	(13.0)
Provision for impairment recognised during the year	**(1.0)**	(1.4)
Receivables written off during the year as uncollectible	**1.6**	2.0
Carrying amount at end of year	**(11.8)**	(12.4)

(b) Credit risk

	2022	2021
	$m	$m
Up to 3 months		
Trade receivables	**425.0**	305.6
Loss allowance	**(5.4)**	(6.3)
	419.6	299.3
3 months and greater		
Trade receivables	**29.1**	21.1
Loss allowance	**(6.4)**	(6.1)
	22.7	15.0
Total	**442.3**	314.3

The other classes within trade and other receivables do not contain impaired assets and are not past due. The Group does not hold any collateral in relation to these receivables.

(c) Fair value

For current trade receivables, due to the short-term nature, their carrying amount is assumed to approximate their fair value.

(d) Deferred consideration on sale of MLP Property Assets

Qube received total up-front proceeds of around $1.36 billion on 15 December 2021 with another $0.3 billion deferred consideration expected to be received contingent on the satisfaction of certain future events or conditions and completion adjustments. The Group received $0.2 billion of the deferred consideration on 5 August 2022. The remainder of $0.1 billion will be received progressively during the construction of stage 1a of the Interstate Terminal.

ACCOUNTING POLICY

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method (where discounting is material) less loss allowance.

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Accrued revenue are contract assets and relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (‘ECL’s’). The expected credit losses on trade receivables are estimated using past default experience of the debtor and analysis of the debtor’s current financial position. The ECLs are adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The amount of any impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

7. Inventories

	2022	2021
	$m	$m
Fuel and consumables	**12.1**	1.3
Containers	**16.6**	5.2
	28.7	6.5

ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value and, where appropriate, a provision is made for possible obsolescence.

Cost is determined on a purchase price basis and, where relevant, includes modification and repairs subsequent to purchase. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

8. Loans and Receivables

	2022	2021
	$m	$m
Loans and receivables	**200.9**	237.4

The Group has provided a related party loan to Patrick as part of the acquisition of its 50% interest in August 2016, the balance of which is $200.9 million at 30 June 2022 (2021: $237.4 million). The loan is for a fixed term of 10 years, subordinated to all creditors, with an effective interest rate of 7.3% and no conversion rights.

(a) Fair value

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the necessity of whether a loss allowance is required for any given financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities. The Group does not believe impairment is required at 30 June 2022 based on the current forecasts provided by Patrick. On this basis the fair value of loans and receivables approximates their carrying values.

ACCOUNTING POLICY

At initial recognition, the Group measures loans and receivables at fair value plus transaction costs that are directly attributable to the acquisition of the loan and receivables.

Loans and receivables are held for collection of contractual cash flows. The cash flows solely represent payments of principal and interest and therefore, the loans and receivables are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.

The Group assesses on a forward looking basis the expected credit losses associated with its loans and receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

9. Property, plant and equipment

	Land & Buildings $m	Plant & Equipment $m	Leasehold Improvements $m	Total $m
Year ended 30 June 2021				
Opening net book amount	228.0	1,062.8	240.9	1,531.7
Acquisition of businesses	-	68.1	-	68.1
Additions	16.1	357.9	5.4	379.4
Reclassifications	16.6	11.1	(29.8)	(2.1)
Reclassification from inventory	-	2.5	-	2.5
Reclassification from investment property	42.3	(14.1)	-	28.2
Reclassification to assets classified as held for sale	(42.3)	(8.9)	-	(51.2)
Disposals	-	(11.7)	-	(11.7)
Exchange rate differences	-	(1.6)	-	(1.6)
Impairment	-	(202.2)	-	(202.2)
Depreciation charge	(7.7)	(120.9)	(12.9)	(141.5)
Closing net book amount	253.0	1,143.0	203.6	1,599.6
At 30 June 2021				
Cost	297.8	1,918.5	344.2	2,560.5
Accumulated depreciation	(44.8)	(775.5)	(140.6)	(960.9)
Net book amount	253.0	1,143.0	203.6	1,599.6
Year ended 30 June 2022				
Opening net book amount	**253.0**	**1,143.0**	**203.6**	**1,599.6**
Acquisition of businesses	**-**	**43.4**	**52.2**	**95.6**
Additions	**27.8**	**302.8**	**49.5**	**380.1**
Reclassifications	**4.3**	**17.9**	**(22.2)**	**-**
Reclassification from inventory	**-**	**15.6**	**-**	**15.6**
Disposals	**(2.3)**	**(13.4)**	**(6.6)**	**(22.3)**
Exchange rate differences	**-**	**(5.0)**	**-**	**(5.0)**
Depreciation charge	**(6.4)**	**(143.3)**	**(16.8)**	**(166.5)**
Closing net book amount	**276.4**	**1,361.0**	**259.7**	**1,897.1**
At 30 June 2022				
Cost	**322.4**	**2,292.8**	**412.4**	**3,027.6**
Accumulated depreciation	**(46.0)**	**(931.8)**	**(152.7)**	**(1,130.5)**
Net book amount	**276.4**	**1,361.0**	**259.7**	**1,897.1**

ACCOUNTING POLICY

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated. Leasehold improvements are depreciated over the shorter of the useful life of the asset and the lease term.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or as follows:

• Buildings	2.5% to 10.0%
• Leasehold improvements	2.5% to 10.0%
• Furniture, fittings and equipment	10.0% to 20.0%
• Plant and equipment	4.0% to 33.3%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of property, plant and equipment

In accordance with the accounting policy stated above, the Group reviews the carrying values and remaining useful lives of items of property, plant and equipment to confirm they remain appropriate. Where indicators of impairment are present, the Group determines the asset's recoverable amount based on the higher of its value-in-use and fair value less costs to sell. The recoverable amount is considered the highest and best use of the asset which require the use of assumptions. These assumptions include: a discount rate, cash flows expected to be generated from the use of these assets and the associated capital expenditures expected over the useful life of the asset.

IMEX Terminal	**2022 $'m**	2021 $'m
Carrying value	**196.2**	318.6
Impairment	**-**	(156.2)
Impaired value	**196.2**	162.4

Rail Access	**2022 $'m**	2021 $'m
Carrying value	**-**	45.9
Impairment	**-**	(45.9)
Impaired value	**-**	-

There are no impairment indicators present for the IMEX Terminal asset at 30 June 2022. Furthermore, there are also no indicators to support a reversal of the impairment previously recorded. The below disclosure surrounding the impairment recorded in the year ended 30 June 2021 has been provided for comparative purposes.

IMEX Terminal at the Moorebank Logistics Park

The valuation and related impairment of the IMEX Terminal at the MLP is highly sensitive to the forecast volume profile, particularly the timing at which the IMEX Terminal achieves its target capacity of 1.0 million TEU. As the automated IMEX Terminal is still under construction and is therefore not yet operating, there are a broad range of potential outcomes regarding the actual forecast ramp up in volumes.

The volumes through the IMEX Terminal at the MLP will be highly dependent on a number of factors, the most important of which are expected to be the timing of construction, size and operation of warehouses at MLP (and particularly the volumes of containers of MLP tenants through the IMEX Terminal), as well as the ability to secure Moorebank catchment volumes for the IMEX Terminal.

Therefore, the volume forecasts reflect the expected development profile and timing of LOGOS for new warehouses at MLP. The actual warehouse development profile at MLP could vary materially from the profile assumed in the impairment assessment, and will depend on a range of factors including timely receipt of necessary planning approvals.

The forecasts also assume in the short term, catchment volumes through the IMEX Terminal will continue to be adversely impacted by the NSW Government policy to permit higher capacity A-Double vehicles to operate at Port Botany which has reduced the competitiveness of rail relative to road to the Moorebank catchment area. However, over the medium term, the forecast assumes that rail operators utilising the IMEX Terminal at MLP will be successful in attracting meaningful catchment volumes.

Volumes through the manual IMEX Terminal in FY22 were 78,300 TEU, a fourfold increase on the 18,300 TEU processed through the terminal during FY21 with volumes again expected to increase in FY23.

The level of catchment volumes through the MLP IMEX Terminal will be highly dependent on road pricing relative to rail pricing from Port Botany to the Moorebank catchment area. Therefore, actual catchment volumes through the IMEX Terminal may vary materially from the volumes assumed in the impairment assessment.

A sensitivity analysis has been undertaken on the key assumptions to determine the impact on the impairment of possible changes to the assumptions. In each case, all other variables were held constant.

IMEX Sensitivity	Rate used	Change	Increase / (Decrease) in Impairment	Change	Increase / (Decrease) in Impairment
	%	%	$m	%	$m
Discount Rate	8.90%	0.10%	$4.4	-0.10%	($4.5)
Growth Rate	2.50%	0.50%	($15.4)	-0.50%	$13.2
Pricing		5.00%	($17.6)	-5.00%	$17.7
Volumes		5.00%	($7.9)	-5.00%	$9.9

The monetisation transaction with LOGOS completed on 15 December 2021. The IMEX Terminal is currently operating in a start-up manual mode in parallel with the final development and commissioning of the terminal automation, which is expected to be operational towards the end of H1 FY23. Qube expects to see continued growth in volumes through the MLP IMEX terminal as additional warehouses are developed at the MLP and new tenants build demand and activity levels for the terminal.

10. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 11.

The Group leases various offices, warehouses, land, equipment and vehicles. Qube has a multitude of rental contracts of varying lengths going out as far as 99 years however, the majority are for fixed periods of 3 to 8 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes in relation to the Group's current facilities.

(a) The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	2022	2021
	$m	$m
Land & buildings	**745.7**	592.1
Vehicles	**26.9**	26.5
Equipment	**12.5**	18.2
	785.1	636.8

Additions and additions through acquisition to the right-of-use assets during the 2022 financial year were $184.6 million (2021:$47.2 million).

Lease liabilities

	2022	2021
	$m	$m
Current	**84.7**	74.5
Non-current	**810.3**	642.6
	895.0	717.1

(b) The income statement shows the following amounts relating to leases (refer note 4):

	2022	2021
	$m	$m
Depreciation charge of right-of-use assets		
Land & buildings	**60.4**	55.5
Vehicles	**11.5**	15.2
Equipment	**11.8**	11.7
	83.7	82.4
Lease borrowing costs	**35.7**	39.5
Expense relating to short-term leases and leases of low value assets	**38.1**	24.7

The total cash outflow for leases during the 2022 financial year was $100.6 million (2021: $97.2 million).

ACCOUNTING POLICY

The Group recognises all leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Determining the lease term of contracts with renewal options

The Group has a number of lease contracts (primarily property leases) with extension options and applies judgement in evaluating all relevant factors to determine whether these extension options are reasonably certain to be exercised.

The Group typically exercises its option to extend these leases because there will be a significant negative effect on operations if a replacement property is not readily available and the leased property is no longer available to the Group.

11. Investment property

	2022 $m	2021 $m
Opening balance at 1 July	**46.5**	1,103.1
Capitalised subsequent expenditure	**-**	236.8
Net gain from fair value adjustments	**7.0**	202.1
Reclassification to right-of-use assets	**-**	(12.4)
Reclassification to property, plant & equipment	**-**	(28.2)
Reclassification to assets classified as held for sale	**-**	(1,529.9)
Finance lease asset	**-**	65.2
Capitalised interest	**-**	8.7
Straight-lining of operating lease rental income	**-**	1.1
Closing balance at 30 June	**53.5**	46.5

(a) Measuring investment property at fair value

Following the sale of the warehousing and property components of the MLP project (refer (d) below), investment property comprises land and property at Russell Park currently held for rental yield. This property is not occupied by the Group and is carried at fair value.

(b) Amounts recognised in profit or loss for investment property

	2022 $m	2021 $m
Rental income	**12.8**	18.9
Direct operating expenses from property that generated rental revenue	**(6.9)**	(9.4)

(c) Leasing arrangements

Investment property is leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment property are as follows:

	2022 $m	2021 $m
Minimum lease receivables not recognised in the financial statements under non-cancellable operating leases of investment property are receivable as follows:		
Within one year	**4.0**	12.9
Later than one year but not later than 5 years	**7.3**	40.1
Later than 5 years	**-**	22.5
	11.3	75.5

(d) Assets classified as held for sale

The sale of 100% of Qube's interest in the warehousing and property components of the MLP project (MLP Property Assets) which includes investment property was completed on 15 December 2021. Further detail is provided in note 25.

	2022 $m	2021 $m
Investment Property	**-**	1,529.9

ACCOUNTING POLICY

Investment properties principally comprise land and buildings that are either presently leased or in development and are not occupied by the Group. Investment properties which are presently leased are carried at fair value, based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair values are recorded in the profit or loss as part of other income.

Assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated fair values of investment properties

The Group obtains independent valuations at least annually or as otherwise required. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in note 23.

12. Intangible assets

	Goodwill $m	Port Concessions $m	Customer contracts $m	Total $m
Year ended 30 June 2021				
Opening net book amount	765.4	100.2	7.3	872.9
Acquisition of business	14.1	-	-	14.1
Goodwill adjustment	(0.8)	-	-	(0.8)
Exchange differences	(0.2)	-	(0.2)	(0.4)
Amortisation charge	-	(3.7)	(7.1)	(10.8)
Closing net book amount	778.5	96.5	-	875.0
At 30 June 2021				
Cost	778.5	113.5	73.7	965.7
Accumulated amortisation	-	(17.0)	(73.7)	(90.7)
Net book amount	778.5	96.5	-	875.0
Year ended 30 June 2022				
Opening net book amount	**778.5**	**96.5**	**-**	**875.0**
Acquisition of businesses	**24.9**	**-**	**7.6**	**32.5**
Exchange differences	**(1.4)**	**-**	**-**	**(1.4)**
Amortisation charge	**-**	**(3.8)**	**(3.8)**	**(7.6)**
Closing net book amount	**802.0**	**92.7**	**3.8**	**898.5**
At 30 June 2022				
Cost	**802.0**	**113.5**	**81.3**	**996.8**
Accumulated amortisation	**-**	**(20.8)**	**(77.5)**	**(98.3)**
Net book amount	**802.0**	**92.7**	**3.8**	**898.5**

(a) Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to operating segments as presented below. The carrying amount of goodwill allocated to each CGU was recoverable at year end.

	2022 $m	2021 $m
Operating Division	**755.7**	732.2
AAT	**46.3**	46.3
	802.0	778.5

(b) Impairment tests for goodwill

The recoverable amount of a CGU is determined based on cash flow projections based on financial budgets and forecasts prepared by management typically covering a four-year period. Cash flows beyond a four-year period are extrapolated using the estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business for which the CGU operates. Long-term growth rates and discount rates have been noted in Critical Accounting Judgements and Estimates.

ACCOUNTING POLICY

(i) Goodwill

Goodwill on acquisitions of businesses is included in intangible assets and is measured as described in note 24. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 2).

(ii) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful life which is between 4 to 11 years.

(iii) Port Concessions

Tenancy agreements (Port Concessions) with port authorities acquired as part of a business combination are recognised separately from goodwill. The Port Concessions are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the length of the tenancy agreement (including options) which is between 24 to 30 years.

Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of goodwill

The CGU cash flow projections used for impairment testing assume no material adverse change to economic conditions for the 2023 to 2026 period. No significant changes to the methodology of the underlying models and assumptions have been made.

Terminal values after year four have been determined using a stable growth model, having regard to post-tax discount rates and long-term growth rates. The equivalent pre-tax discount rate has been disclosed below. Management determined budgeted and forecast EBITDA margins based on past performance and its expectations for the future.

	Long-term growth rate		**Discount rate**	
CGU	**2022 %**	2021 %	**2022 %**	2021 %
Operating Division (Logistics and Ports & Bulk)	**2.5**	2.5	**12.0**	11.8
AAT	**2.5**	2.5	**11.3**	11.3

Impact of possible changes in critical assumptions

The base case long-term growth and discount rates used in the impairment testing of goodwill for each CGU where goodwill has been identified have been disclosed above. If the discount rate increased by 0.5% or the EBITDA decreased by 5% in each year of the valuation and all other assumptions used in the valuation assessment remained unchanged, it would not result in an impairment of goodwill for any of the cash generating units.

13. Trade and other payables

	2022	2021
	$m	$m
Current		
Trade payables and accruals	**343.9**	254.1
GST payable	**12.5**	2.8
Government grant	**18.4**	-
	374.8	256.9
Non-current		
Trade payables and accruals	**0.5**	0.4
Deferred consideration	**2.0**	4.3
	2.5	4.7

The Group has been awarded a Boosting Australia's Diesel Storage grant of $18.4 million. The grant was received on 19 May 2022 and was conditional to a number of milestones stipulated including relevant customer commitments and authority consents, confirmed capital costs and Qube Board approvals.

ACCOUNTING POLICY

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognised as current liabilities unless payment is not due within 12 months from the reporting date. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method where the impact is material.

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

14. Provisions

		2022			2021	
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$m	**$m**	**$m**	$m	$m	$m
Employee benefits	**130.7**	**22.0**	**152.7**	119.1	13.6	132.7
	130.7	**22.0**	**152.7**	119.1	13.6	132.7

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The amount of the provision where the Group does not have an unconditional right to defer settlement for any of these obligations is presented as current.

However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2022	2021
	$m	$m
Leave obligations expected to be settled after 12 months	**22.0**	24.8

ACCOUNTING POLICY

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in a provision due to the passage of time is recognised as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

INCOME TAXES

This section provides information on the income tax charge for the year along with the reconciliation of the effective tax rate to the standard corporate tax rate, details of the deferred tax balances and movements in these balances during the year, including the relevant accounting policies applied and critical judgements and estimates used.

15. Income tax expense

	2022	2021
	$m	$m
(a) Income tax expense		
Current tax	**211.5**	61.0
Deferred tax assets	**(18.1)**	(37.6)
Deferred tax liabilities	**(103.1)**	5.7
Adjustments for current tax of prior periods	**(0.7)**	1.7
	89.6	30.8
Income tax expense is attributable to:		
Profit/(loss) from continuing operations	**92.8**	(27.3)
(Loss)/profit from discontinued operations	**(3.2)**	58.1
	89.6	30.8
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	**(18.1)**	(37.6)
(Decrease)/increase in deferred tax liabilities	**(103.1)**	5.7
	(121.2)	(31.9)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022	2021
	$m	$m
Profit/(loss) from continuing operations before income tax expense	**228.5**	(71.1)
(Loss)/profit from discontinued operation before income tax expense	**(10.6)**	193.7
	217.9	122.6
Tax at the Australian tax rate of 30% (2021: 30%)	**65.4**	36.8
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable equity accounted profit	**(8.8)**	(4.2)
Deferred tax not recognised on impairment of an associate	**0.6**	4.5
Capital losses not previously recognised	**-**	(6.9)
Losses previously not recognised in overseas jurisdictions	**-**	(0.9)
Difference in overseas tax rate	**(0.1)**	0.1
Derecognition of temporary differences	**30.1**	-
Non-deductible acquisition costs	**1.5**	-
Prior year adjustments	**(0.7)**	1.7
Sundry items	**1.6**	(0.3)
Income tax expense	**89.6**	30.8

(c) Numerical reconciliation of prima facie tax payable to income tax payable

Income tax expense	**89.6**	30.8
Movement in deferred tax	**121.2**	31.9
PAYG current year instalments paid	**(46.8)**	(48.1)
PAYG prior year instalments and expected refund adjustment	**(1.8)**	(4.8)
Income tax payable	**162.2**	9.8

	2022	2021
(d) Amounts recognised directly in equity	**$m**	$m
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income, but directly debited or credited to equity:		
Net deferred tax – debited directly to equity	**(0.6)**	0.3

(e) Effective tax rates

Australian accounting consolidated group effective tax rate	**41.1%**	25.1%

The above effective tax rate has been calculated as income tax expense divided by accounting profit for the Australian accounting consolidated group.

16. Deferred tax assets

	2022 $m	2021 $m
The balance comprises temporary differences attributable to:		
Employee benefits	**48.2**	41.9
Plant and equipment	**67.7**	73.8
Lease liabilities	**267.9**	259.1
Capital losses	**-**	4.2
Other	**41.5**	25.3
Total deferred tax assets	**425.3**	404.3
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	**(370.8)**	(404.3)
Net deferred tax assets	**54.5**	-
Deferred tax assets expected to be recovered within 12 months	**51.9**	54.3
Deferred tax assets expected to be recovered after more than 12 months	**373.4**	350.0
	425.3	404.3

Movements in deferred tax assets:	Employee benefits $m	Plant and equipment $m	Lease liabilities $m	Capital losses $m	Other $m	Total $m
At 30 June 2020	32.9	16.3	226.5	5.6	35.7	317.0
Credited/(charged)						
• to profit or loss	8.9	57.5	(16.7)	(1.4)	(10.7)	37.6
• directly to equity	-	-	-	-	0.3	0.3
Lease additions	-	-	46.5	-	-	46.5
Acquisition of subsidiary	0.1	-	2.8	-	-	2.9
At 30 June 2021	41.9	73.8	259.1	4.2	25.3	404.3
Credited/(charged)						
• to profit or loss	**6.0**	**(6.1)**	**(9.9)**	**(4.2)**	**(3.9)**	**(18.1)**
• directly to equity	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Lease additions/other	**-**	**-**	**18.7**	**-**	**17.5**	**36.2**
Acquisition of subsidiary	**0.3**	**-**	**-**	**-**	**3.2**	**3.5**
At 30 June 2022	**48.2**	**67.7**	**267.9**	**-**	**41.5**	**425.3**

17. Deferred tax liabilities

	2022 $m	2021 $m
The balance comprises temporary differences attributable to:		
Plant and equipment	**82.3**	39.1
Intangible assets	**26.1**	26.0
Investment property	**4.1**	155.0
Right-of-use assets	**234.8**	235.6
Other provisions	**23.5**	12.8
	370.8	468.5
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	**(370.8)**	(404.3)
Net deferred tax liabilities	**-**	64.2
Deferred tax liabilities expected to be settled within 12 months	**3.5**	16.4
Deferred tax liabilities expected to be settled after more than 12 months	**367.3**	452.1
	370.8	468.5

Movements in deferred tax liabilities:	**Plant and equipment $m**	**Intangible assets $m**	**Investment property $m**	**Right-of-use assets $m**	**Other provisions $m**	**Total $m**
At 30 June 2020	29.7	29.4	134.7	208.3	10.7	412.8
Charged/(credited)						
• to profit or loss	10.2	(3.4)	20.3	(23.5)	2.1	5.7
Lease additions	-	-	-	48.2	-	48.2
Acquisition of subsidiaries	(0.8)	-	-	2.6	-	1.8
At 30 June 2021	39.1	26.0	155.0	235.6	12.8	468.5
Charged/(credited)						
• to profit or loss	**40.6**	**(2.1)**	**(150.9)**	**(16.1)**	**25.4**	**(103.1)**
Lease additions/other	**-**	**-**	**-**	**15.3**	**(14.7)**	**0.6**
Acquisition of subsidiaries	**2.6**	**2.2**	**-**	**-**	**-**	**4.8**
At 30 June 2022	**82.3**	**26.1**	**4.1**	**234.8**	**23.5**	**370.8**

ACCOUNTING POLICY

The income tax expense or benefit for the consolidated entity for the year is the tax payable on the current year's taxable income based on the notional tax rate for each jurisdiction. This can also be adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and carrying amounts in the financial statements, and by unused tax losses.

Deferred income tax is determined using the liability method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment properties that are measured at fair value are determined assuming the property will be recovered entirely through sale.

The consolidated entity may incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Qube Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The deferred tax assets include an amount in relation to unused capital losses to the extent that the Group has concluded that it is probable that there will be future capital gains available against which the unused capital losses can be utilised. Subject to meeting continuity of business or ownership tests the losses can be carried forward indefinitely and have no expiry date.

CAPITAL AND BORROWINGS

This section provides information on shareholder returns, equity and reserves, and debt funding including all relevant accounting policies applied.

Note

18. Dividends

(a) Ordinary shares	**2022 $m**	2021 $m
Final dividend for the year ended 30 June 2021 of 3.5 cents per fully paid share paid on 22 October 2021 (2020: 2.3 cents per fully paid share paid on 21 October 2020)		
Fully franked based on tax paid at 30%	**66.7**	43.3
Interim dividend for the year ended 30 June 2022 of 3.0 cents per fully paid share paid on 8 April 2022 (2021: 2.5 cents per fully paid share paid on 8 April 2021)		
Fully franked based on tax paid at 30%	**57.6**	47.6
	124.3	90.9
(b) Dividends not recognised at the end of the reporting period		
Final dividend for the year ended 30 June 2022 of 3.3 cents per fully paid share paid on 18 October 2022 (2021: 3.5 cents per fully paid share paid on 22 October 2021)		
Fully franked based on tax paid at 30%	**58.3**	66.7
Special dividend for the year ended 30 June 2022 of 0.7 cents per fully paid share paid on 18 October 2022 (2021: Nil)		
Fully franked based on tax paid at 30%	**12.3**	-
	70.6	66.7

As a result of the receipt of MLP monetisation proceeds, including the early receipt of the majority of the deferred consideration in early August 2022, combined with Qube's positive earnings outlook, the directors have recommended a fully-franked final dividend of 3.3 cents and a fully-franked one off special dividend of 0.7 cents per share. The aggregate amount of the proposed dividend is expected to be paid on 18 October 2022 (2021: 22 October 2021) out of retained earnings at 30 June 2022, but not recognised as a liability at the end of the year.

(c) Franked dividends

The franked portion of the final dividend recommended after the financial year end will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2022.

	Consolidated		**Parent entity**	
	2022 $m	2021 $m	**2022 $m**	2021 $m
Franking credits available for subsequent financial years based on a tax rate of 30% (2021: 30%)	**247.0**	152.5	**247.0**	152.5

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(i) franking credits that will arise from the payment of the amount of the provision for income tax;
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of non-wholly owned subsidiaries were paid as dividends. The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the end of each reporting period, will be a reduction in the franking account.

ACCOUNTING POLICY

Provision is made for any dividend declared that is appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

19. Contributed equity

Share capital	Notes	2022 Shares	2021 Shares	2022 $m	2021 $m
Ordinary shares					
Fully paid	(a)	**1,765,762,524**	1,906,960,085	**2,736.9**	3,096.3
Less: Treasury shares	(b)	**(10,021)**	(223,881)	**(16.3)**	(7.4)
Total contributed equity		**1,765,752,503**	1,906,736,204	**2,720.6**	3,088.9

(a) Movements in ordinary shares:

Date	Details	Number of shares	$m
1 July 2020	Opening balance	1,883,518,039	3,034.1
	Employee share plan issues	2,309,309	6.7
	Dividend reinvestment plan	7,822,206	21.5
	Underwritten dividend reinvestment plan	13,310,531	34.1
	Less: Share issue transaction costs, net of tax		(0.1)
1 July 2021	Opening balance	**1,906,960,085**	**3,096.3**
	Employee share plan issues	**7,726,305**	**24.4**
	Dividend reinvestment plan	**5,514,801**	**17.6**
	Shares bought-back on-market and cancelled	**(154,438,667)**	**(400.0)**
	Buy-back transaction costs		**(1.4)**
30 June 2022	Closing balance	**1,765,762,524**	**2,736.9**

(b) Movements in treasury shares:

Date	Details	Number of shares	$m
1 July 2020	Opening balance	(223,717)	(9.8)
	Transfer of treasury shares	2,380,827	6.3
	Treasury shares issued	(1,480,991)	(4.1)
	Treasury shares purchased	(900,000)	(2.4)
	Fair value movement on allocation and vesting of securities		2.6
1 July 2021	Opening balance	**(223,881)**	**(7.4)**
	Transfer of treasury shares	**8,323,274**	**26.2**
	Treasury shares issued	**(7,726,305)**	**(24.4)**
	Treasury shares purchased	**(383,109)**	**(1.2)**
	Fair value movement on allocation and vesting of securities		**(9.5)**
30 June 2022	Closing Balance	**(10,021)**	**(16.3)**

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares issued under the plan may be at a discount (which is determined by the Board) to the market price.

(e) Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Employee Share Trust for the purpose of allocating shares that vest under the Performance Rights Scheme. Details of the plans are set out in note 37.

(f) Capital risk management

The role of capital risk management at Qube is to support the creation of shareholder value having regard to risk. Qube's capital risk management strategy, therefore, is to establish a framework that supports and facilitates the pursuit of Qube's business strategy while minimising Qube's costs of funding having regard to appropriate business risks.

Specifically, the components of Qube's financial strategy are to:

- Optimise the capital structure to reduce the cost of capital;
- Provide sufficient financial flexibility to enable Qube to develop its businesses;
- Maintain access to a broad range of funding sources and diversifying the tenor; and
- Subject to the above, raise funds in the most cost effective manner possible.

Qube continues to maintain a conservative approach to its capital structure with a long-term target gearing range of 30-40%.

Qube monitors its net debt and available funding capacity through a range of measures including interest cover and other gearing ratios.

Qube maintains adequate headroom to its covenant levels to provide it with financial flexibility to take advantage of opportunities and the ability to manage an unexpected downturn in earnings which is important given Qube's leverage to economic activity.

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity instruments, for example as the result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Qube Holdings Limited as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Qube Holdings Limited.

Shares held by Qube Employee Share Accumulation Plan Pty Limited (Qube Employee Share Trust) are disclosed as treasury shares and deducted from contributed equity.

20. Reserves and retained earnings

	2022	2021
	$m	$m
Reserves		
Business combination reserve	**28.4**	28.4
Transactions with non-controlling interests reserve	**(33.9)**	(33.9)
Share-based payments reserve	**15.5**	16.7
Foreign currency translation reserve	**(10.8)**	(4.4)
Cash flow hedging reserve	**0.9**	(1.9)
Share of other comprehensive income of joint venture	**(0.1)**	(1.6)
	-	3.3

(a) Movements in reserves:

	2022	2021
Share-based payments reserve		
Balance 1 July	**16.7**	17.3
Share-based payments	**(8.7)**	(8.4)
Employee share plan expense	**7.5**	7.8
Balance 30 June	**15.5**	16.7
Foreign currency translation reserve		
Balance 1 July	**(4.4)**	0.3
Currency translation differences, net of tax	**(6.4)**	(4.7)
Balance 30 June	**(10.8)**	(4.4)
Hedging reserve		
Balance 1 July	**(1.9)**	(1.2)
Cumulative (gain)/loss arising on changes in fair value of hedging instruments		
• Forward exchange contracts – Cash flow hedge reserve	**(0.3)**	0.1
• Cross-currency interest rate swaps – Cash flow hedge reserve	**2.8**	(1.7)
• Foreign exchange options – Cash flow hedge reserve	**(0.1)**	(1.2)
Deferred tax arising on cash flow hedges	**(0.7)**	0.8
Reserve release, net of tax	**1.1**	1.3
Balance 30 June	**0.9**	(1.9)
Share of other comprehensive income of joint venture		
Balance 1 July	**(1.6)**	(4.3)
Share of Patrick's other comprehensive income	**1.5**	2.7
Balance 30 June	**(0.1)**	(1.6)

Nature and purpose of reserves

(i) Business combination reserve

The business combination reserve represents the difference between the consideration paid to acquire a non-controlling interest in a subsidiary, versus the carrying value of the shares acquired.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the loans and value of share-based payments provided to employees under share-based payment schemes. The initial fair value of the benefit provided is recognised on a straight-line basis over the vesting period.

(iii) Transactions with non-controlling interests reserve

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 40(b) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(v) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 32 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 32. Amounts are subsequently either transferred to the initial cost of the asset or reclassified to profit or loss as appropriate.

The Group defers the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the related asset when it is recognised.

Retained earnings

Movements in retained earnings were as follows:	**2022** **$m**	2021 $m
Balance 1 July	**269.6**	268.9
Net profit for the year	**127.5**	91.6
Dividends paid	**(124.6)**	(90.9)
Balance 30 June	**272.5**	269.6

21. Borrowings

	2022	2021
	$m	**$m**
Current		
Unsecured		
Bank loans	**58.6**	-
Total current borrowings	**58.6**	-
Non-current		
Unsecured		
Bank loans	**340.0**	865.5
Other financiers	**150.0**	150.0
Medium term notes	**209.0**	212.7
Subordinated notes	**305.0**	305.0
Less: capitalised establishment costs	**(5.3)**	(7.4)
Total non-current borrowings	**998.7**	1,525.8
Total borrowings	**1,057.3**	1,525.8

Bank and other facilities

The following table provides details of components of the borrowing facilities:

		2022		2021	
Facility	**Maturity**	**Facility**	**Utilised***	Facility	Utilised*
Bank Loans		**$m**	**$m**	$m	$m
Bilateral revolving facility (NZD)**	July 2022	**58.6**	**58.6**	60.5	60.5
Bilateral revolving facilities	Aug 2022	**-**	**-**	100.0	75.0
Bilateral revolving facilities	May 2023	**100.0**	**-**	100.0	-
Bilateral revolving facilities	Aug 2023	**75.0**	**-**	75.0	75.0
Bilateral revolving facilities	Oct 2023	**320.0**	**-**	320.0	165.0
Bilateral revolving facilities	Nov 2023	**380.0**	**240.0**	180.0	180.0
Bilateral revolving facilities	June 2024	**50.0**	**-**	50.0	-
Bilateral revolving facilities	Oct 2024	**140.0**	**-**	240.0	240.0
Bilateral revolving facilities	May 2025	**30.0**	**-**	30.0	-
Bilateral revolving facilities	Oct 2025	**70.0**	**-**	70.0	-
Bilateral revolving facilities	Nov 2025	**170.0**	**-**	170.0	70.0
Bilateral revolving facilities	Nov 2026	**100.0**	**-**	-	-
Bilateral term facility	Aug 2024	**100.0**	**100.0**	-	-
Other Financiers					
Bilateral term facility	June 2024	**150.0**	**150.0**	150.0	150.0
US Private Placement					
Medium term notes (USD)**	Oct 2024	**55.7**	**55.7**	55.8	55.8
Medium term notes (USD)**	Oct 2027	**111.5**	**111.5**	113.9	113.9
Medium term notes (USD)**	Oct 2029	**41.8**	**41.8**	43.0	43.0
Subordinated notes	Oct 2023	**305.0**	**305.0**	305.0	305.0

* Excludes bank guarantees drawn totaling $24.2 million (2021: $29.6 million) drawn under the Bilateral Revolving Facilities.
** Australian dollar equivalent.

During the year Qube extended the maturity of $200 million of debt facilities for an additional 2 years and entered into new bilateral bridge facilities totalling $200 million for a term of 2 years.

Qube's debt facilities have a weighted average maturity of 2.1 years at 30 June 2022 (3.0 years at 30 June 2021). Debt facilities totalling approximately $158.6 million mature within the next 12 months and have therefore been classified as current liabilities by the Group. All other facilities terms extend beyond 12 months and have been disclosed as non-current liabilities.

The notes issued in United States dollars (USD) have been converted back to Australian dollar (AUD) principal and AUD floating coupons through cross-currency interest rate swaps (CCIRS). The CCIRS have been designated as cash flow and fair value hedges as described in note 32.

(a) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 reporting periods.

(b) Fair value

The carrying amounts and fair values of borrowings at the end of reporting period are:

	2022		2021	
	Carrying amount	**Fair value***	Carrying amount	Fair value*
	$m	**$m**	$m	$m
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**395.4**	**398.6**	861.2	865.5
Other financiers	**149.7**	**150.0**	149.6	150.0
Medium term notes	**208.3**	**209.0**	211.9	212.7
Subordinated notes	**303.9**	**305.0**	303.1	305.0
	1,057.3	**1,062.6**	1,525.8	1,533.2

* Fair value excludes capitalised establishment fees offset against loan carrying amounts.

ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities which are material and not an incremental cost relating to the actual draw down of the facility, are offset against the loan and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

RISK MANAGEMENT

This section provides information on the Group's exposure to various financial risks, explains how they affect the Group's financial position and performance and how the Group manages these risks.

22. Financial risk management

The Group has exposure to a variety of financial risks including credit risk, market risk (interest rate risk and foreign exchange risk) and liquidity risk arising from the financial instruments it holds.

The Board of Directors is tasked with the oversight of the risk management process for Qube. The risk management process involves a detailed analysis of cash flows and forecasts. The Board of Directors undertakes a continuous review of the performance and prospects of Qube. This includes consideration of overall gearing levels and the impact of adverse movements in interest rates, the level and predictability of cash flows to meet debt obligations and capital expenditure, as well as any change in strategy that changes the underlying risk profile of the Group.

The carrying amounts of Qube's financial assets and liabilities at the balance sheet date approximate their fair value.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Qube is exposed to credit risk as a result of its deposits and favourable derivative financial instruments with financial institutions. Qube mitigates the credit risk arising by conducting transactions with financial institutions above a certain credit rating and regularly monitors the net exposure. In relation to trade receivables, where possible, Qube only transacts with credit worthy customers and monitors the outstanding amounts for impairment on an ongoing basis, as set out in note 6.

There was no significant credit risk to counterparties at 30 June 2022 or 30 June 2021.

The carrying amounts of cash and cash equivalents, receivables and inventories best represent the maximum credit risk exposure at the balance sheet date. The credit quality of cash and cash equivalents is set out in the table below.

	2022	2021
	\$m	\$m
Cash and cash equivalents	**154.0**	125.8

(b) Market risk

(i) Interest rate risk

Qube's primary interest rate risk relates to its variable rate borrowings and cash held on deposit, which expose the Group to interest rate risk. Qube's operating businesses are leveraged to the economy such that movements in interest rates, which typically reflect changes in economic conditions and outlook, are likely to correlate with movements in Qube's earnings. The primary objectives of Qube's interest rate risk management strategy therefore, are to protect against adverse movements in interest rates which Qube cannot fully or largely offset through its earnings. However, for debt used to fund assets with passive income streams (such as warehouse rental) that are not leveraged to the economy and have limited to no ability to increase revenues beyond the set annual increases, Qube aims to hedge between 70-100% subject to an overall cap on hedging of 60% of gross debt.

(b) Market risk (continued)

Qube's exposure to interest rate risk is set out in the following table:	**2022** **$m**	2021 $m
Borrowings (excluding capitalised establishment costs)	**1,062.6**	1,533.2
Less: Fixed rate loans	**(150.0)**	(150.0)
Cash	**(154.0)**	(125.8)
Net exposure to interest rate risk	**758.6**	1,257.4
Interest rate hedging in place*	**215.0**	380.0

* Includes forward start hedges totalling $Nil (2021: $60 million)

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Qube's exposure to fair value interest rate risk relates primarily to interest rate hedging instruments referred to above.

(i) Sensitivity analysis

The following table summarises the sensitivity of Qube's after tax operating profit and net assets attributable to shareholders to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. The analysis is based on the assumption that interest rates changed +/- 250 basis points (2021 +/- 100 basis points) from the year end rates with all other variables held constant.

The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies and markets in which Qube invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Interest rate risk			
	-250 bps		**+250 bps**	
	Profit	Equity	Profit	Equity
2022	$m	$m	$m	$m
Total increase/(decrease)	**9.9**	**9.9**	**(11.0)**	**(11.0)**
	-100 bps		**+100 bps**	
	Profit	Equity	Profit	Equity
2021	$m	$m	$m	$m
Total increase/(decrease)	5.5	5.5	(5.7)	(5.7)

The above figures do not include Patrick's exposure to interest rate risk.

(ii) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised liabilities that are denominated in or related to a currency that is not the Group's functional currency. The Group's foreign exchange exposure relates largely to the USD denominated medium term note borrowings issued in October 2017. The Group also has exposure to movements in foreign currency exchange rates through purchases of parts and equipment in relation to the Moorebank IMEX rail terminal automation.

To mitigate the risk of adverse movements in foreign exchange and interest rates in relation to the USD denominated medium-term notes, the Group has entered into CCIRS agreements through which it replaces the related foreign currency principal and interest liability payments with Australian Dollar principal and interest payments. The CCIRS have been designated as cash flow and fair value hedges in order to reduce the volatility in the Group's reported earnings.

The Group utilised forward exchange contracts and options to manage its foreign exchange risk arising from purchases of parts and equipment in relation to the Moorebank IMEX rail terminal automation. These contracts are hedging highly probable forecast foreign currency exposures. The forward exchange contracts and options are designated as cash flow hedges and are timed to mature when foreign currency payments are scheduled to be made.

As at the reporting date, the Group's exposure to foreign exchange risk after taking into consideration hedges in relation to the USD medium term notes and the forecast foreign currency transactions is not considered material.

(c) Liquidity risk

Liquidity risk is the risk that Qube will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and undrawn borrowing facilities and by continuously monitoring forecast and actual cash flows, and where possible, matching the maturity profiles of financial assets and liabilities. Set out below is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	2022	2021
Floating rate	**$m**	$m
Expiring within one year	**-**	-
Expiring beyond one year*	**1,170.8**	500.4
	1,170.8	500.4

* Undrawn facilities are adjusted for $24.2 million in bank guarantees (2021: $29.6 million) drawn under the working capital facilities.

Subject to the continuance of satisfactory covenant compliance, the undrawn borrowing facilities may be drawn down at any time and revolving facilities have an average maturity of 1.9 years (2021: 2.7 years).

Maturity of financial liabilities

The table below analyses Qube's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the financial year end date. The amounts in the table are contractual undiscounted cash flows including interest.

	< 1 year $m	**1 to 5 years $m**	**> 5 years $m**	**Total $m**
Consolidated as at 30 June 2022				
Trade and other payables	**357.0**	**2.5**	**-**	**359.5**
Financial liabilities at fair value through profit or loss	**(2.0)**	**(4.1)**	**-**	**(6.1)**
Lease liabilities	**100.1**	**327.8**	**1,241.4**	**1,669.3**
Borrowings	**81.4**	**874.9**	**143.4**	**1,099.7**
Total financial liabilities	**536.5**	**1,201.1**	**1,384.8**	**3,122.4**
Consolidated as at 30 June 2021				
Trade and other payables	248.9	-	-	248.9
Financial liabilities at fair value through profit or loss	0.6	5.3	-	5.9
Lease liabilities	88.0	294.8	956.8	1,339.6
Borrowings	19.5	1,408.2	145.0	1,572.7
Total financial liabilities	357.0	1,708.3	1,101.8	3,167.1

23. Fair value measurement

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments and non-financial assets into the three levels prescribed under the Accounting Standards. An explanation of each level follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial and non-financial assets and liabilities measured and recognised at their fair value at 30 June 2021 on a recurring basis:

	Level 1	Level 2	Level 3	Total
At 30 June 2022	**$m**	**$m**	**$m**	**$m**
Recurring fair value measurements				
Assets				
Investment properties	**-**	**-**	**53.5**	**53.5**
Contingent consideration	**-**	**-**	**283.0**	**283.0**
Derivatives designated as hedges	**-**	**34.8**	**-**	**34.8**
Total assets	**-**	**34.8**	**336.5**	**371.3**
Liabilities				
Derivatives not designated as hedges	**-**	**0.5**	**-**	**0.5**
Total liabilities	**-**	**0.5**	**-**	**0.5**
At 30 June 2021				
Recurring fair value measurements				
Assets				
Investment properties	-	-	46.5	46.5
Assets classified as held for sale	-	-	1,660.2	1,660.2
Derivatives designated as hedges	-	22.4	-	22.4
Total assets	-	22.4	1,706.7	1,729.1
Liabilities				
Derivatives not designated as hedges	-	6.1	-	6.1
Total liabilities	-	6.1	-	6.1

There were no transfers between levels 1 and 2 for recurring fair value measurements during the financial year. For transfers in and out of level 3 measurements see (c(iv)) below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2022 or 30 June 2021.

The $283.0 million of contingent consideration referenced above includes $300.0 million of deferred purchase price consideration on the sale of MLP, of which $200.0 million was received in early August 2022. The balance of $100.0 million will be paid progressively as construction of stage 1a of the MLP Interstate Terminal is delivered the majority of which should be received during FY23. It also includes $37.5 million to be paid by LOGOS contingent upon completion of the stage 1a construction and the achievement, over time, of specific volume (TEU) hurdles for the Interstate Terminal. This is detailed more fully in note 25. The balance of the $283.0 million is a net expected outflow of $54.4 million which comprises a number of contingent costs that Qube are required to incur as part of the overall MLP transaction, the main one being the commitment to fund the rail access works for the MLP precinct.

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

- CCIRS, interest rate swaps and collars - Present value of the estimated future cash flows using an appropriate market based yield curve, which is independently derived. Yield curves are sourced from readily available market data quoted for all major currencies.
- Forward exchange contracts and options - Quoted forward exchange rates at reporting date for contracts with similar maturity profiles.
- Other techniques, such as discounted cash flow analysis are used to determine fair value for the remaining financial instruments such as contingent consideration.

All of the resulting fair value estimates are included in levels 1 and 2 except for contingent consideration payable explained in (c) below.

Non-financial assets

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations performed by an independent valuer who holds a recognised and relevant qualification and any other relevant factors. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including independent valuations prepared by third party valuers. These valuations typically include information such as:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Term and reversion calculations which reflect the certainty of income to lease expiry, the nature of any current property improvements, any deferred underlying land value and underlying re-development of a property;
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and
- Discounted cash flow projections based on reliable estimates of future cash flows.

In relation to properties under development for future use as investment property, where reliably measurable, fair value is determined based on the market value of the asset on the assumption it had already been completed at the valuation date (using the methodology as outlined in (c)(vi) below).

The Russell Park investment property utilised the discounted cash flow and capitalisation approaches, which resulted in fair value estimate for this property being included in level 3.

As the Moorebank Logistics Park investment property was classified as held for sale as at 30 June 2021, it was also included in level 3 and valued at the agreed sale value to the LOGOS Consortium less expected transaction costs and adjustments.

(c) Fair value measurements using significant unobservable inputs (level 3)

Financial instruments

(i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy for financial instruments in year ended 30 June 2022 (30 June 2021: Nil).

Further, in the current year there were also no changes made to any of the valuation techniques applied as of 30 June 2021.

(ii) Valuation inputs and relationships to fair value

<u>Contingent consideration</u>

Actual consideration payable is contingent on certain future conditions including financial results, warranty periods and volume related targets. The minimum amount payable is $ nil, and the maximum is $ nil over the relevant period.

(iii) Valuation processes

The finance department of the Group performs the valuations of non-property assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the Audit and Risk Management Committee at least once every six months, in line with the Group's reporting dates.

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using the weighted average cost of capital model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risks specific to the underlying business.
- Contingent consideration payable – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business, assessment of the likelihood of reaching any financial hurdles and how the current economic environment is likely to impact it.

Material changes in level 2 and 3 fair values are analysed at each reporting date during the half yearly valuation discussion between the CFO, and the Audit and Risk Management Committee. As part of this discussion the CFO presents a report that explains the reason for the fair value movements.

Non-financial assets

(iv) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2022.

(v) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements based on a discounted cashflow and capitalisation of earnings methodology:

Description	Fair value at 30 June 2022 $m	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment property	**$53.5**	Discount rate	**9.00%**	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	**8.50%**	
		Capitalisation rate	**8.00%**	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	**0.57%**	
		Rental growth rate	**3.20%**	The higher the rental growth rate, the higher the fair value
		Market rent (per sqm)	**$70.6**	Market rent represents the net market income per sqm used for valuation purposes

(vi) Valuation processes

For level 3 assets being independently valued the Group engages external, independent and qualified valuers to determine the fair value at least annually.

The main level 3 inputs used by the Group are derived and evaluated as follows: Property asset – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an independent valuer or management based on comparable transactions and industry data.

ACCOUNTING POLICY

Estimated fair value less costs to sell for Moorebank Logistics Park

The fair value less costs to sell for MLP has been determined with reference to the consideration that is likely to be received for the sale, which includes an element of contingent consideration, less the fair value of contingent payments, estimated transaction costs and completion adjustments.

- Contingent consideration – expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information.
- Contingent payments – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information.

GROUP STRUCTURE

This section provides information on the Group structure and helps users understand how changes in the Group structure affect the financial position and performance of the Group, including relevant accounting policies applied and critical judgements and estimates used.

24. Business combinations

(a) On 30 September 2021, Qube acquired 100% of the issued share capital of Newcastle Agri Terminal Pty Ltd (NAT) and CTC Terminals Pty Ltd (CTC) for $101.7 million.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	$m
Purchase consideration:	
Cash paid	**101.7**
Total purchase consideration	**101.7**

The determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $m
Cash	**5.0**
Trade and other receivables	**12.8**
Other assets	**0.3**
Deferred tax asset	**3.2**
Property, plant and equipment	**73.1**
Intangible assets	**5.0**
Trade and other payables	**(14.5)**
Provision	**(0.1)**
Deferred tax liability	**(1.5)**
Net identified assets acquired	**83.3**
Add: Provisional goodwill	**18.4**
Net assets acquired	**101.7**

(i) Acquisition related costs

Acquisition related costs of $0.4 million are included in professional fees and Landholder duty costs of $4.0 million are included in stamp duty in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $12.8 million have predominantly all been recovered for those amounts due and payable.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $27.8 million to the Group for the period from 30 September to 30 June 2022.

If the acquisition had occurred on 1 July 2021, revenue for the year ended 30 June 2022 would have been $38.8 million.

Purchase consideration – cash outflow

	$m
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**101.7**
Less: Cash balances acquired	**(5.0)**
Net cash consideration	**96.7**

(b) Qube acquired 100% of the issued shares of Harvestco Australia Pty Ltd on 24 January 2022, True Blue Containers (2005) Pty Ltd on 31 January 2022, and the business from AST group of companies on 24 September 2021, for a total purchase price of $30.9m.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	$m
Purchase consideration	
Cash paid	**30.9**
Total purchase consideration	**30.9**

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $m
Cash	**0.3**
Trade receivables	**2.0**
Other assets	**4.0**
Deferred tax asset	**0.3**
Property, plant and equipment	**22.5**
Trade and other payables	**(2.0)**
Provision	**(1.1)**
Net identified assets acquired	**26.0**
Add: goodwill	**4.9**
Net assets acquired	**30.9**

The goodwill is attributable to the strategic advantages and market positioning this acquisition will provide Qube. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related costs

Acquisition related costs of $0.2 million are included in professional fees in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $2.0 million have predominantly all been recovered for those amounts due and payable.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $27.5 million and EBIT of $0.6 million to the Group for the period from 21 January 2022 to 30 June 2022.

If the acquisition had occurred on 1 July 2021, revenue and EBIT for the year ended 30 June 2022 would have been $44.6 million and $1.6 million respectively.

ACCOUNTING POLICY

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

25. Discontinued operations

On 5 July 2021, Qube announced that it had entered into binding transaction documentation with the LOGOS Consortium for the sale of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets). This sale completed on 15th December 2021 for consideration before tax, transaction costs and adjustments of around $1.67 billion.

Qube received up front proceeds of around $1.37 billion and another $0.2 billion was received in early August 2022. The remaining $0.1 billion of the deferred consideration will be paid progressively as construction of Stage 1a of the MLP Interstate Terminal is delivered.

The Group has also determined that the transaction meets the definition of discontinued operations based on the requirements of *AASB 5 – Non-current Assets held for sale and discontinued operations*.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2022 and the year ended 30 June 2021.

	2022	2021
	$m	$m
Revenue	**7.6**	13.2
Other income	**1.2**	5.7
Fair value uplift	**-**	195.6
Operating expenses	**(11.7)**	(15.9)
Net finance costs	**(5.1)**	(4.9)
Redundancy costs	**(5.9)**	-
Net gain on sale of MLP Property Assets	**3.3**	-
(Loss)/profit before income tax	**(10.6)**	193.7
Income tax benefit/(expense)	**3.2**	(58.1)
(Loss)/profit of discontinued operation	**(7.4)**	135.6
Net cash outflow from operating activities	**(32.4)**	-
Net cash inflow from investing activities	**28.6**	149.5
Net cash inflow/(outflow) from financing activities	**4.6**	(149.6)
Net increase in cash generated	**0.8**	(0.1)

Details of the monetisation of MLP Property Assets

	30 June 2022 $m	30 June 2021 $m
Consideration received or receivable:		
Cash	**1,361.9**	-
Fair value of contingent consideration	**320.0**	-
Total disposal consideration	**1,681.9**	-
Carrying amount of net assets sold	**(1,601.4)**	-
Interstate liabilities assumed	**(52.9)**	-
Transaction cost on disposal	**(24.3)**	-
Gain before income tax expense	**3.3**	-
Income tax benefit / (expense) on loss	**(1.0)**	-
Gain after income tax	**2.3**	-

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2022 and 30 June 2021:

	2022 $m	2021 $m
Property, plant and equipment	-	51.2
Investment property	-	1,529.9
Right of use assets	-	79.1
Total assets classified as held for sale	-	1,660.2
Lease liabilities	-	165.0
Total liabilities associated with assets classified as held for sale	-	165.0
Net assets of disposal group	-	1,495.2

MLP Interstate Terminal

Under the terms of the original contractual arrangements with National Intermodal Corporation (NIC, formerly MIC) when the MLP was established, Qube was obliged to develop an interstate rail terminal with capacity of at least 250,000 TEU (Stage 1) and to increase the capacity through expansion to at least 500,000 TEU (Stage 2) if required by demand.

As noted previously pursuant to the MLP Property Assets sale, Qube, NIC and the LOGOS Consortium agreed new arrangements for the future ownership and operation of the MLP Interstate Terminal comprising the following elements:

- Establishment of a new Joint Development Model (JDM) to undertake the management of the MLP Interstate Terminal following completion of the initial stage of construction.
- Qube to retain responsibility to manage the construction of Stage 1 of the MLP Interstate Terminal, and to initially fund the Stage 1 construction which is estimated to cost $154 million.
- Construction of Stage 1a has commenced and is scheduled for completion towards the end of H1 FY24.
- NIC will obtain a 10% interest in the JDM for nominal cost, with Qube funding NIC’s share of the Stage 1 capex.
- LOGOS to purchase a 25% interest in the JDM from Qube with a call option to increase its ownership of the JDM to up to 45%.
- NIC to have veto rights over a limited number of matters predominantly relating to open access arrangements in order to support the operation of the terminal as a best in class, multi-user terminal.

Management views this new arrangement as linked with the broader Moorebank sale given it was executed to obtain NIC consent.

In calculating the gain on sale, consideration has been made as to whether any other assets and liabilities need to be recorded as a result of the new arrangement. In doing so, management has performed an assessment as to whether the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This assessment has been made with reference to the construction obligations Qube has with respect to the NIC, LOGOS and Qube shareholdings.

<u>NIC shareholding</u>

A provision of around $15 million has been booked for construction costs to be borne by Qube in relation to NIC's future shareholding as part of the gain on sale calculation.

<u>Qube shareholding</u>

A critical judgement exists with respect to whether a provision should be recorded in relation to Qube's shareholding. Any amount recognised is reflective of management's best estimate to settle the present obligation as at 30 June 2022.

Management have concluded the economic benefits expected to be received under the contract are equal to or greater than Qube's estimated costs to fund construction of Stage 1a for Qube's shareholding. Whilst this is management's best estimate, there is risk that these costs will not be recovered which may occur if management's assumptions are not realised.

In this instance, Qube may not fully recover through use or sale its proportionate share of the total construction costs which is expected to be around $100 million.

<u>LOGOS shareholding</u>

Management have recognized a liability to fund LOGOS' portion of construction costs for $37.5 million, or 25% of the estimated total construction costs, within the gain on sale calculation. Qube are entitled to receive $7.5 million in contingent consideration upon completion of the Stage 1a build with an additional $30 million of contingent consideration which will be received based on achieving specific volume (TEU) hurdles. The contingent receivable of $37.5 million from LOGOS is recorded within other non-current assets.

AASB 10 *Consolidated Financial statements* requires that contingent consideration is recognised at fair value.

Qube holds a call option giving Qube the ability to purchase LOGOS's 25% shareholding at a future date in certain circumstances. LOGOS holds a counter call option should they wish to retain the 25% which triggers a requirement for LOGOS to pay all remaining contingent consideration to Qube irrespective of volume throughput.

Given the structure of the call and countercall, management have determined that the fair value of the consideration is $37.5 million, as Qube will either receive $37.5 million cash or shares which are considered to be worth at least $37.5 million assuming that Qube's cost is fully recoverable. Whilst this is management's best estimate, there is risk that these costs will not be recovered which may occur if management's assumptions are not realised.

26. Investment in equity accounted investments

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 30 June 2022. The entities listed below have share capital/units consisting solely of ordinary shares/units, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

		% ownership interest		**Carrying amount**	
		2022	2021	**2022**	2021
Name of entity	**Place of business/country of incorporation**	**%**	%	**$m**	$m
Patrick[1]	Australia	**50**	50	**540.7**	541.9
Other equity accounted investments				**36.6**	36.9
				577.3	578.8

1. The Group's 50% investment in Patrick is held through PTH No.1 Pty Ltd. The carrying amount above excludes shareholder loans provided by Qube to PTH No.1 of $200.9 million ($237.4) million in June 2021) which also forms part of Qube's total investment in Patrick.

Other than Patrick, the Group's equity accounted investments are considered individually immaterial and are discussed in part (d) below.

(b) Summarised financial information of joint ventures

The tables below provide summarised statutory financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Qube Holdings Limited's share of those amounts. They have been amended to reflect the adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy where material.

	PTH No.1 Pty Ltd (Patrick)	
	30 June 2022	30 June 2021
	$m	$m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**21.1**	24.3
Other current assets	**112.2**	96.9
Total current assets	**133.3**	121.2
Non-current assets	**3,839.0**	3,918.0
Current liabilities		
Financial liabilities*	**0.1**	16.9
Other current liabilities	**179.4**	164.2
Total current liabilities	**179.5**	181.1
Non-current liabilities		
Financial liabilities*	**1,064.5**	1,053.5
Shareholder loans	**401.8**	474.8
Other non-current liabilities	**1,372.4**	1,373.4
Total non-current liabilities	**2,838.7**	2,901.7
Net Assets	**954.1**	956.4

* - (excluding trade payables)

	PTH No.1 Pty Ltd (Patrick)	
	30 June 2022	30 June 2021
	$m	$m
Reconciliation to carrying amounts		
Opening net assets	**956.4**	994.0
Profit for the period	**56.6**	25.6
Dividends	**(62.0)**	(68.5)
Movement in reserves	**3.1**	5.3
Closing net assets	**954.1**	956.4
Group's share in %	**50%**	50%
Group's share in $	**477.1**	478.2
Goodwill	**63.6**	63.6
Carrying amount	**540.7**	541.8
Summarised statement of comprehensive income		
Revenue	**762.9**	696.6
Interest Income	**0.2**	0.1
Depreciation & amortisation	**(141.7)**	(135.4)
Interest expense	**(105.6)**	(115.5)
Income tax expense	**(23.0)**	(10.0)
Profit for the period	**56.6**	25.6
Other comprehensive income	**3.1**	5.3
Total comprehensive income	**59.7**	30.9

A reconciliation of the underlying trading performance of Patrick to Qube's share of underlying net profit after tax per note 2 is included in the tables below for the years ended 30 June 2022 and 30 June 2021.

Patrick underlying contribution reconciliation (100%) For the year ended 30 June 2022	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	**762.9**	**(32.6)**	**730.3**
EBITDA	**326.8**	**(47.0)**	**279.8**
EBITA	**214.6**	**(7.6)**	**207.0**
EBIT	**185.1**	**(7.6)**	**177.5**
Interest expense (net) - External	**(72.1)**	**50.0**	**(22.1)**
Interest expense - Shareholders	**(33.4)**	**-**	**(33.4)**
Net profit before tax	**79.6**	**42.4**	**122.0**
Tax (@ 30%)	**(23.0)**	**(13.6)**	**(36.6)**
Net profit after tax	**56.6**	**28.8**	**85.4**
Net profit after tax pre-amortisation	**77.3**	**28.8**	**106.1**
Qube share (50%) of net profit after tax	**28.3**	**14.4**	**42.7**
Qube interest income net of tax from Patrick[1]	**11.7**	**-**	**11.7**
Qube net profit after tax from Patrick	**40.0**	**14.4**	**54.4**
Qube share (50%) of net profit after tax pre-amortisation	**38.6**	**14.4**	**53.0**
Qube net profit after tax pre-amortisation from Patrick (50%)	**50.3**	**14.4**	**64.7**

Patrick underlying contribution reconciliation (100%) **For the year ended 30 June 2021**	**Statutory** **$m**	**Underlying Adjustments[2]** **$m**	**Underlying** **$m**
Revenue	696.6	(17.1)	679.5
EBITDA	286.5	(46.3)	240.2
EBITA	178.4	(9.7)	168.7
EBIT	151.1	(9.7)	141.4
Interest expense (net) - External	(72.9)	49.4	(23.5)
Interest expense - Shareholders	(42.6)	-	(42.6)
Net profit before tax	35.6	39.7	75.3
Tax (@ 30%)	(10.0)	(12.6)	(22.6)
Net profit after tax	25.6	27.1	52.7
Net profit after tax pre-amortisation	44.7	27.1	71.8
Qube share (50%) of net profit after tax	12.8	13.6	26.4
Qube interest income net of tax from Patrick[1]	14.9	-	14.9
Qube net profit after tax from Patrick	27.7	13.6	41.3
Qube share (50%) of net profit after tax pre-amortisation	22.3	13.6	35.9
Qube net profit after tax pre-amortisation from Patrick (50%)	37.2	13.6	50.8

1. Qube's share of shareholder interest income is subject to a 30% tax charge, whereas Qube's share of profit from Patrick trading results has already been tax effected.
2. For the year ended 30 June 2022 underlying adjustments included $0.8 million in restructure costs and AASB 16 leasing adjustments of $41.6 million. The prior year underlying adjustments included $0.2 million in other non-recurring debt transaction and restructure costs and AASB 16 leasing adjustments of $39.5 million.

(c) Impairment

The recoverable amounts of the equity accounted investments were determined based on a fair value less cost to sell calculation, except for Prixcar (which has an equity value of $nil), using cash flow projections derived from financial budgets and forecasts covering a four to five year period with a terminal value. The post-tax discount rates used were as follows:

- Patrick – 8.8%
- Northern Stevedoring Services Pty Ltd (NSS) – 9.50%

(d) Individually immaterial associates and joint ventures

In addition to the interests disclosed above in Patrick, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	2022 **$m**	2021 $m
Aggregate carrying amount of individually immaterial associates and joint ventures[1]	**36.6**	36.9
Aggregate amounts of the Group's share of:		
Profit for the year	**0.5**	1.3
Other comprehensive income	**-**	-
Total comprehensive income	**0.5**	1.3

[1] "K" Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, TQ Holdings Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd (IMG) and Southern Export Terminals Pty Ltd. TQ Holdings Pty Ltd ceased being an associate in December 2020 and became a subsidiary.

(e) Contingent liabilities of associates and joint ventures

Qube's share of the contingent liabilities of its associates and joint ventures has been disclosed in note 29.

ACCOUNTING POLICY

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint operations

Qube recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in (b) above.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its joint arrangements and associates' post acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint arrangements or associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint arrangement or associate.

Unrealised gains on transactions between the Group and its joint arrangements and associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint arrangements and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of investments accounted for using the equity method
Where indicators of impairment exist, the Group has undertaken a valuation of its investments accounted for using the equity method based on its proportionate ownership of these businesses. The recoverable amount of each investment (other than Prixcar) is determined using a discounted cash flow model which requires the use of assumptions that may be subject to change. The general valuation assumptions also include a post tax discount rate range of 8.8% (Patrick) to 9.50% (NSS).

Significant judgement: consolidation of entities with 50% ownership
The directors have concluded that where the Group holds 50% of the voting rights of an entity that this does not in itself confer that the Group has control of that entity. To establish whether control exists, the Group determines whether it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In the case of PTH No.1 Pty Ltd, Northern Stevedoring Services Pty Ltd, “K” Line Auto Logistics Pty Ltd, Southern Export Terminals Pty Ltd, Intermodal Group Pty Ltd and Intermodal Train Services Pty Ltd, Qube does not have the ability to affect returns of these entities without the prior consent of the remaining shareholders and therefore these are accounted for as associates as outlined in the accounting policy above.

27. Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2022 (%)	Equity holding 2021 (%)
AAT Port Kembla Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Amalgamated Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Automotive Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Grain Packers Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Grain Handlers Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Heavy Logistics Pty Ltd[1]	Australia	Ordinary	**100**	100
BBH Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Beaumont Transport Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Holdings Trust[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Pty Ltd[1]	Australia	Ordinary	**-**	100
Beveridge Terminals Trust[1]	Australia	Ordinary	**100**	100
Beveridge Warehouse Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Warehouse Holdings Trust[1]	Australia	Ordinary	**100**	100
Beveridge Warehouse Pty Ltd[1]	Australia	Ordinary	**-**	100
Beveridge Warehouse Trust[1]	Australia	Ordinary	**100**	100
Beveridge Property Management Services Pty Ltd[1]	Australia	Ordinary	**-**	100
Bluewood Industries Pty Ltd	Australia	Ordinary	**100**	100
Bowport All Roads Transport Pty Ltd[1]	Australia	Ordinary	**100**	100
Canopus Pty Ltd[1]	Australia	Ordinary	**100**	100
Cargo Marshalling Services Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Acquisition Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Employee Services Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Finance Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers 20 Cawley Road Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers (Australia) Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Industries Brisbane Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Industries Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Pty Ltd[1]	Australia	Ordinary	**100**	100
Continental Freight Employees Unit Trust[1]	Australia	Ordinary	**100**	100
CSR Trust	Australia	Ordinary	**100**	100
CTC Holdings (NSW) Pty Ltd	Australia	Ordinary	**100**	-
CTC Terminals Pty Ltd	Australia	Ordinary	**100**	-
D&J Holding Co Pty Ltd[1]	Australia	Ordinary	**100**	100
D&J Subsidiary Co Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Bros. Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Contracting Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Group Operations Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Limestone Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Management Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci NT Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Port Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci SA Pty Ltd[1]	Australia	Ordinary	**100**	100
Havestco Australia Pty Ltd	Australia	Ordinary	**100**	-

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2022 (%)	Equity holding 2021 (%)
Independent Railroad of Australia Pty Ltd[1]	Australia	Ordinary	**100**	100
Independent Railways of Australia Pty Ltd[1]	Australia	Ordinary	**100**	100
Indy Equipment Pty Ltd[1]	Australia	Ordinary	**100**	100
Jamlewin Enterprises Pty Ltd[1]	Australia	Ordinary	**100**	100
Jingle SPV1 Pty Ltd	Australia	Ordinary	**100**	100
Jingle SPV2 Pty Ltd	Australia	Ordinary	**100**	100
K-AA Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
KFM Property Logistics 1 Pty Ltd[1]	Australia	Ordinary	**100**	100
KFM Logistics Investments 2 Pty Ltd[1]	Australia	Ordinary	**100**	100
KIL Property Investments Pty Ltd[1]	Australia	Ordinary	**100**	100
K-NSS Pty Ltd[1]	Australia	Ordinary	**100**	100
K-POAGS Pty Ltd[1]	Australia	Ordinary	**100**	100
K-POTA Pty Ltd[1]	Australia	Ordinary	**100**	100
KW Auto Logistics Pty Ltd[1]	Australia	Ordinary	**100**	100
Lasso Logistics Pty Ltd	Australia	Ordinary	**100**	100
Latot Pty Ltd[1]	Australia	Ordinary	**100**	100
LB Consolidated Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Holdco Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Finance Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Finance Trust[1]	Australia	Ordinary	**100**	100
LCR Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Haulage Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Haulage Group Trust[1]	Australia	Ordinary	**100**	100
LCR Holdings Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Mining Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Mining Group Trust[1]	Australia	Ordinary	**100**	100
LCR Properties Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Properties Group Trust[1]	Australia	Ordinary	**100**	100
LPE Pty Ltd[1]	Australia	Ordinary	**100**	100
Macarthur Intermodal Shipping Terminal Pty Ltd[1]	Australia	Ordinary	**100**	100
Maritime Container Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Markhaven Pty Ltd[1]	Australia	Ordinary	**100**	100
Minto Properties Pty Ltd[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Investment Trust[1]	Australia	Ordinary	**-**	100
Moorebank Industrial Property Trust[1]	Australia	Ordinary	**-**	100
Moorebank Industrial Terminals Asset Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Asset Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Operations Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Operations Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Warehouse Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Warehouse Trust[1]	Australia	Ordinary	**-**	100
Newcastle Agri Terminal Pty Ltd	Australia	Ordinary	**100**	-
Newcastle Bulk Solutions Pty Ltd	Australia	Ordinary	**100**	-
Oversea & General Stevedoring Co Pty Ltd[1]	Australia	Ordinary	**100**	100
Oztran Assets Pty Ltd[1]	Australia	Ordinary	**100**	100
Oztran Aust Pty Ltd[1]	Australia	Ordinary	**100**	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2022 (%)	Equity holding 2021 (%)
P&O Wharf Management Pty Ltd[1]	Australia	Ordinary	**100**	100
Quattro Grain Trust	Australia	Ordinary	**100**	100
Quattro P RE Services Pty Ltd	Australia	Ordinary	**100**	100
Qube Agri Investments Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Holding Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Investment Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Intermodal Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Intermodal Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Assets Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Assets Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Operations Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Operations Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Unit Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Lot Hold Trust[1]	Australia	Ordinary	**100**	100
Qube Bulk Liquids Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Bulk Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Defence Logistics Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Employee Share Accumulation Plan Pty Ltd	Australia	Ordinary	**100**	100
Qube Energy Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Equity Ltd[1]	Australia	Ordinary	**100**	100
Qube Forestry Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Holdings Limited	Australia	Ordinary		
Qube Learning Pty Ltd	Australia	Ordinary	**100**	100
Qube Logistics (Aust) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Global) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (H&S) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (NSW) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Qld) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT2) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT3) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT4) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT5) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT6) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Rail) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SA) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SA1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SB) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SL) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics Trust[1]	Australia	Ordinary	**100**	100
Qube Logistics (Vic) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (WA) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (WA1) Pty Ltd[1]	Australia	Ordinary	**100**	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2022 (%)	Equity holding 2021 (%)
Qube Logistics (WA2) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube MB Warehousing Pty Limited[1]	Australia	Ordinary	**100**	100
Qube Moorebank Warehousing Trust[1]	Australia	Ordinary	**100**	100
Qube Property Management Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Properties Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube RE Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube RE Services (No.2) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Terminals Investments Pty Ltd	Australia	Ordinary	**100**	100
Qube Offshore Services Pty Ltd	Australia	Ordinary	**100**	100
Qube Ports (No 1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Ports Pty Ltd[1]	Australia	Ordinary	**100**	100
Rail Equipment Leasing Pty Ltd[1]	Australia	Ordinary	**100**	100
Stanton Oztran Pty Ltd[1]	Australia	Ordinary	**100**	100
Stonecrest Enterprises Pty Ltd[1]	Australia	Ordinary	**100**	100
True Blue Containers (2005) Pty Ltd	Australia	Ordinary	**100**	-
W Qube Port of Dampier Pty Ltd[1]	Australia	Ordinary	**100**	100
BOMC Pte Ltd	Singapore	Ordinary	**54**	54
BOMC Services Pte Ltd[2]	Singapore	Ordinary	**54**	54
Crane and Haulage Partners Holdings Ltd	Cayman Islands	Ordinary	**-**	100
LCR PNG Ltd	Papua New Guinea	Ordinary	**100**	100
ISO Ltd	New Zealand	Ordinary	**100**	100
Marshalling Solutions LLC	United States	Ordinary	**100**	100
NZ Bidco Ltd	New Zealand	Ordinary	**100**	100
Pacific Haulage Limited	New Zealand	Ordinary	**100**	100
Pacific Shipping Services Ltd	New Zealand	Ordinary	**100**	100
PT Bintan Offshore Marine Centre[2]	Indonesia	Ordinary	**54**	54
Qube Energy Sdn BHD	Malaysia	Ordinary	**100**	100
Qube International Pte Ltd	Singapore	Ordinary	**100**	100
Qube Logistics (NZ) Limited	New Zealand	Ordinary	**100**	100
Qube Pte Ltd	Singapore	Ordinary	**51**	51
TPW Workshops Limited	New Zealand	Ordinary	**-**	100
Williams & Wilshier Limited	New Zealand	Ordinary	**-**	100

1. These subsidiaries have taken advantage of relief from the necessity to prepare financial reports in accordance with ASIC Corporations instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 38;
2. Qube's economic interest in these entities is 54% due to its holding in BOMC Pte Ltd (holding company of the BOMC group);

ACCOUNTING POLICY

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 24).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Qube.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

28. Non-controlling interests

(a) Non-controlling interests ('NCI') share of equity

	2022 **$m**	2021 $m
Interest in:		
Share capital	**-**	-
Reserves	**-**	-
Accumulated losses	**(2.2)**	(3.0)
	(2.2)	(3.0)

Accumulated losses in FY22 and FY21 are in relation to PT Bintan Offshore Marine Centre.

UNRECOGNISED ITEMS

The section provides information about items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance.

29. Contingencies

Contingent liabilities

Guarantees

The parent entity has provided unsecured bank guarantees amounting to $65.5 million (2021: $69.4 million).

Qube issued a parent company guarantee in support of its 50% share of Prixcar's transactional banking facilities. The guarantee is limited to $8.95 million plus accrued interest and costs should the guarantee be enforced.

Contamination at Moorebank

As part of the MLP monetisation transaction, Qube and the LOGOS Consortium have entered into agreements that allocate responsibility for the ongoing development of the project between the parties and provides certain indemnities to each other, some of which, if triggered, could result in a substantial payment by Qube to the LOGOS Consortium. This includes indemnifying the LOGOS Consortium for certain financial loss that arises if there is a termination event under the Development and Operations Deed (DOD) due to a failure by Qube to complete construction of Stage 1a of the MLP Interstate Terminal by the target date of 19 December 2023 (subject to extension for valid relief events), events of default under the DOD caused by Qube and in respect of certain contamination claims that may be brought against the LOGOS Consortium.

The nature and specific terms of these agreements are commercially sensitive and have therefore not been disclosed. However, having regards to the circumstances that could give rise to a claim and Qube's ability to mitigate, Qube does not expect any material financial exposure to arise as a result of the indemnities provided and accordingly no contingent liability has been recognised in Qube's financial statements.

It is noted in relation to the PFAS contamination that Qube's exposure has not been considered sufficiently likely to warrant the disclosure of any contingent liability in prior years and the monetisation has not changed this situation.

30. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting period, but not recognised as liabilities is as follows:

	2022 $m	2021 $m
Payable:		
Within one year	**287.3**	452.0
Later than one year but not later than five years	**34.2**	266.6
Later than five years	**-**	11.6
	321.5	730.2

The above balance comprises capital expenditure required for contracted works and new items of plant and equipment.

One of the major items of capital expenditure included above relates to Qube's commitment to develop an Interstate Terminal at Moorebank which management estimates will cost approximately $154 million for Stage 1, which is the only committed stage at this time. Of this approximately $15 million has been incurred to the reporting date, with the balance of $139 million being committed, and included in the above numbers.

In addition, Qube expects to incur an additional $60 million of capex to complete the IMEX terminal, including the automation and further development of the western area of the terminal.

31. Events occurring after the reporting period

Matters subsequent to the end of the financial year

In early August 2022 Qube received $200 million of deferred consideration relating to the MLP transaction.

Controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group.

Except as outlined in the Directors' report or noted above, no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

OTHER NOTES

This section includes items requiring disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, but are not considered critical in understanding the financial performance or position of the Group, including relevant accounting policies applied, as well as other accounting policies applied which are not covered elsewhere in the notes to the financial statements.

32. Derivative Financial Instruments

The Group enters into derivative financial instruments in the normal course of business in order to hedge its interest rate and foreign currency risk exposure in accordance with the Group's financial risk management policies (refer to note 22). Derivatives are only used for economic hedging purposes and not as speculative investments. The following table shows the notional value of the derivative instruments held by the Group, the nature of the hedge relationship with the underlying debt instrument and their fair value as at the reporting date.

Derivative Instrument	Nature of Hedge	Notional amount $m	Asset $m	Liability $m
Year ended 30 June 2022				
Cross-currency interest rate swaps	Cash flow hedge	189.6	**(8.5)**	-
	Fair value hedge	189.6	**29.7**	-
Foreign exchange options	Cash flow hedge	2.0	-	-
Forward exchange contracts	Cash flow hedge	11.0	-	**0.5**
Interest rate derivatives	Not hedge accounted	215.0	**13.6**	-
Current			-	**0.5**
Non-current			**34.8**	-
Year ended 30 June 2021				
Cross-currency interest rate swaps	Cash flow hedge	189.6	9.6	-
	Fair value hedge	189.6	12.7	-
Foreign exchange options	Cash flow hedge	8.3	0.1	-
Forward exchange contracts	Cash flow hedge	13.7	-	0.2
Interest rate derivatives	Not hedge accounted	380.0	-	5.9
Current			0.1	0.9
Non-current			22.3	5.2

Cross-currency interest rate swap (CCIRS)
The Group's medium term notes create both an interest rate and a foreign currency risk exposure. The Group's policy is to minimise its exposure to both USD interest rate and exchange rate movements. Accordingly, the Group has entered into a series of CCIRS which cover 100% of the USPP principals outstanding and are timed to expire when each USPP loan matures. These swaps also swap the obligation to pay fixed USD interest to floating AUD interest. If the swaps held are no longer effective in hedging the interest rate and foreign currency risk exposure, management will reassess the value in continuing to hold the swap.

In accordance with the accounting policy, these CCIRS have been designated as fair value and cash flow hedges with movements in fair value recognised through profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk for fair value hedges or in equity in the cash flow hedge reserve for cash flow hedges, whilst they are still in an effective hedge relationship.

Interest rate derivatives
Borrowings of the Group (excluding leases) currently bear an average interest rate of 3.9% on drawn debt and total facilities in place at year end, including margin, commitment and establishment fees. The Group manages cash flow interest rate risk by using interest rate swaps, interest rate caps and interest rate collars.

Hedging instruments in place, cover approximately 24% (2021: 28%) of the variable loan principal outstanding and have a weighted average minimum and maximum base rate of 0% and 1.7% respectively.

As the Group has not designated these derivatives as hedging instruments for accounting purposes, the changes in the fair value are recognised immediately in profit or loss.

Forward exchange contracts and Foreign exchange options
The Group has exposure to movements in foreign currency exchange rates through anticipated purchases of parts and equipment. There has been no material hedge ineffectiveness during the period between designation of these forward exchange rate contracts and foreign exchange options and the reporting date. The movement in fair value has been deferred in the cash flow hedge reserve and will be released when the anticipated transactions occur.

ACCOUNTING POLICY

Derivatives that qualify for hedge accounting
Qube has entered into derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. At the inception, Qube designates and documents these derivative instruments into a hedging relationship with the applicable hedged items, noting its risk management objective and strategy for undertaking the hedge transaction.

Qube documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedges
A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income or expense.

Changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument, as the hedging instrument are included in the cost of hedging reserve.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item are recognised within other comprehensive income (OCI) in the costs of hedging reserve within equity.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously in the cash flow hedge reserve are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, no longer qualifies for hedge accounting, or when Qube revokes designation. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the profit or loss.

33. Reconciliation of profit after income tax to net cash inflow from operating activities

	2022 $m	2021 $m
(a) Net cash inflow from operating activities		
Profit for the year	**128.3**	91.8
Depreciation and amortisation	**258.4**	234.8
Non-cash employee benefits expense – share-based payments	**7.5**	7.8
Fair value adjustment to investment properties	**(7.0)**	(202.1)
Fair value gains on financial instruments at fair value through profit or loss	**(19.4)**	(5.6)
Impairment of investment in associates and loans to associates	**2.1**	14.9
Impairment of property, plant and equipment	**-**	202.2
Fair value loss on non-current assets	**5.6**	-
Net gain on sale of MLP Property Assets	**(3.3)**	-
Profit on sale of property plant and equipment	**(9.3)**	(1.9)
Share of loss of associates (net of dividends received)	**4.6**	22.7
Capitalised debt establishment costs and interest	**(13.7)**	(15.2)
Finance costs on leases	**4.7**	9.7
Rental straight lining adjustment	**-**	(1.1)
(Gain)/loss on cancellation of sub-lease	**(0.3)**	0.3
Finalisation of acquisition	**(1.7)**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
Increase in trade debtors and other receivables	**(138.3)**	(44.0)
Increase in inventories	**(22.2)**	(1.5)
Increase in deferred tax assets	**(21.9)**	(106.9)
Increase in trade creditors	**46.3**	39.9
Increase in other operating liabilities	**4.5**	8.6
Increase in provision for income taxes payable	**156.5**	6.2
(Decrease)/increase in deferred tax liabilities	**(102.8)**	76.8
Increase in other provisions	**20.1**	21.2
Net cash inflow from operating activities	**298.7**	358.6

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:
- acquisition of right-of-use asset – note 10(a)
- dividends satisfied by the issue of shares under the dividend reinvestment plan – note 19(a), and
- options and shares issued to employees under the employee share scheme – note 37

(c) Net debt reconciliation

The table below details changes in the Group's net debt arising from financing activities, including both cash and non-cash changes.

	Borrowings*	Leases	Subtotal	Cash and cash equivalents	Total
	$'m	$'m	$'m	$'m	$'m
Net debt as at 30 June 2021	1,463.8	775.9	2,239.7	(224.2)	2,015.5
Cash flows	85.2	(68.3)	16.9	93.4	110.3
Additions & acquisitions of subsidiaries	14.8	112.9	127.7	-	127.7
Reclassification of leases to held for sale	-	(165.0)	(165.0)	-	(165.0)
Lease interest expense capitalised	-	9.7	9.7	-	9.7
Fair value and foreign exchange adjustments	(30.6)	-	(30.6)	5.0	(25.6)
Modifications and lease re-assessments	-	59.5	59.5	-	59.5
Variable lease adjustments	-	(7.6)	(7.6)	-	(7.6)
Net debt as at 1 July 2021	**1,533.2**	**717.1**	**2,250.3**	**(125.8)**	**2,124.5**
Cash flows	**(465.0)**	**(100.6)**	**(565.6)**	**(33.4)**	**(599.0)**
Additions & acquisitions of subsidiaries	**-**	**184.6**	**184.6**	**-**	**184.6**
Lease interest expense capitalised	**-**	**37.7**	**37.7**	**-**	**37.7**
Fair value and foreign exchange adjustments	**(5.6)**	**-**	**(5.6)**	**5.2**	**(0.4)**
Modifications and lease re-assessments	**-**	**32.0**	**32.0**	**-**	**32.0**
Variable lease adjustments	**-**	**24.2**	**24.2**	**-**	**24.2**
Net debt as at 30 June 2022	**1,062.6**	**895.0**	**1,957.6**	**(154.0)**	**1,803.6**

* Excludes capitalised establishment costs.

34. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2022 $'000	2021 $'000
(a) PwC Australia		
(i) Audit and other assurance services		
- Audit and review of financial statements	**1,086.5**	1,135.6
Total remuneration for audit and other assurance services	**1,086.5**	1,135.6
(ii) Taxation services		
- Tax compliance services	**58.0**	63.8
- Tax advisory services	**17.3**	29.6
Total remuneration for taxation services	**75.3**	93.4
(iii) Other services		
- Due diligence services	**37.5**	-
- Other services	**35.2**	301.1
Total remuneration for other services	**72.7**	301.1
Total remuneration of PwC Australia	**1,234.5**	1,530.1
(b) Non-PwC audit firms		
(i) Audit and other assurance services – audit and review of financial statements	**59.8**	47.0
(ii) Taxation services – tax compliance services	**25.0**	-
(iii) Other assurance services – other services	**268.5**	-
Total remuneration of non-PwC audit firms	**353.3**	47.0
Total auditors' remuneration	**1,587.8**	1,577.1

35. Related party transactions

(a) Parent entity

The ultimate parent entity and ultimate controlling party of the Group is Qube Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 36.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	2022	2021
	$m	$m
Stevedoring services		
received from other related entities and associates	**8.3**	28.3
paid to associates	**31.8**	27.8
Logistics, fuel services and management fees		
received from associates and other related parties	**0.5**	0.1
paid to associates and other related parties	**-**	0.1
Rental income received from associates	**1.8**	2.0
Dividend income received from associates	**34.1**	37.0

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2022	2021
	$m	$m
Associates and other related parties		
Current receivables (provision of services)	**1.2**	1.5
Current payables (payment for services)	**1.2**	1.9

(f) Loans to related parties

Loans to other associated entities totalled $218.3 million (2021:$248.5 million) at the end of the year. Included in this total is $200.9 million (2021: $237.4 million) in shareholder loans provided to Patrick, $24.2 million (2021: $24.2 million) in shareholder loans to Prixcar and a shareholder loan of $11.9 million (2021: $3.6 million) to IMG. Refer to note 8 for further information in relation to the loan with Patrick. Other loans to associates have been classified within other assets on the Balance Sheet.

Loan repayments of $36.6 million (2021: $59.4 million) were received from associated entities during the year.

The Shareholder loan with Prixcar has been impaired to $5.5 million (2020: $7.5 million). No impairment issues were noted in relation to Patrick.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

36. Key management personnel disclosures

(a) Key management personnel compensation

	2022 $'000	2021 $'000
Short-term employee benefits	**10,132.9**	6,586.9
Post-employment benefits	**237.8**	405.1
Long-term benefits	**570.2**	122.2
Share-based payments	**2,873.6**	3,655.5
	13,814.5	10,769.7

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Equity instrument disclosures relating to key management personnel

The numbers of ordinary shares in the Company held during the financial year by each director of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2022	**Opening balance**	**Received as part of remuneration**	**Other changes**	**Closing balance**
Directors of Qube Holdings Limited	**16,056,097**	**376,356**	**(8,410,381)**	**8,022,072**
Other key management personnel of the Group	**6,206,622**	**1,512,890**	**(302,718)**	**7,416,794**
2021				
Directors of Qube Holdings Limited	15,910,007	384,013	(237,923)	16,056,097
Other key management personnel of the Group	5,316,565	544,433	345,624	6,206,622

(c) Loans to key management personnel

No loans have been provided to the directors of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties.

37. Share-based payments

(a) Share Appreciation Rights

During FY22 Qube issued Share Appreciation Rights (SARs) to incentivise and retain key executives to achieve share value based objectives that are subject to performance conditions tied directly to shareholder wealth creation.

The key terms and conditions for the FY22 grant are described below:

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube.
Grant date	13 September 2021
Issue price	$3.25
Instrument	Share appreciation rights (SARs) SARs will entitle the holder to receive a certain number of Qube shares subject to satisfaction of the Service condition. The number of shares the holder will receive is determined by multiplying the number of SARs awarded by the appreciation in the Qube share price divided by the VWAP of Qube shares calculated over the 15 trading days before the Vesting Date and the subsequent 15 trading days (Vesting price). The appreciation in the Qube share price will be determined by subtracting the initial price (being $3.25) from the Vesting price. If the Vesting price is lower than the Initial price, the SARs will lapse and no shares will be issued.
Performance condition	None.
Service condition	Eligible executives must continue to be employed by a Qube Group member until the Vesting date.
Exercise price	Nil
Performance period	3 years to, on, or around 22 August 2024 (with a further trading restriction (holding lock) period of 2 years from the Vesting date).
Vesting date	The date of release of the audited financial statements for Qube in respect of the financial year ended 30 June 2024, presently expected to be in late August 2024.
Dividends	Dividends will not be paid on SARs.
Termination	If the participant resigns during the vesting period, the SARs are forfeited. In the event of termination for redundancy (i.e. good leaver) the SARs are reduced pro rata to the date of termination.

Set out below is a summary of SARs granted under the scheme:

Grant date	Final vesting date	Original Issue price ($)	Original Issue (number)	Forfeited (number)	Vested/ transferable (number)	Adjustments* (number)	Closing balance (number)	No. of shares vested into and held in escrow at the end of the year (number)
13 Sep 21	22 Aug 24	3.25	8,204,167	-	-	-	8,204,167	-
24 Aug 20	24 Aug 23	2.75	16,614,268	(1,561,597)	-	265,828	15,318,499	-
12 Sep 19	12 Sep 22	3.15	19,885,960	(1,224,390)	-	318,176	18,979,746	-
13 Sep 18	13 Sep 21	2.68	19,987,161	(550,918)	(19,987,537)	551,294	-	3,897,002

* Adjusted for the impact of special dividends and the Entitlement Offer completed in May 2020.

Fair value of Rights granted

The fair value at grant date is independently determined in accordance with AASB 2 *Share-based Payment* using either a Black & Scholes Merton or a Monte Carlo simulation based model. The model inputs for SARs expensed during the year ended 30 June 2022 included:

Vesting date	22 Aug 2024	24 Aug 2023	12 Sep 2022	13 Sep 2021
Grant date	13 Sep 2021	24 Aug 2020	12 Sep 2019	13 Sep 2018
Share price at grant date ($)	$3.35	$2.85	$3.28	$2.63
Initial price ($)	$3.25	$2.76	$3.15	$2.68
Time to vesting date (years)	2.95	3.0	3.0	3.0
Volatility (%)	27.5%-32.5%	25%-30%	20%-25%	23%
Risk free rate (%)	0.19%	0.26%	0.81%	2.01%
Dividend yield (%)	2.0%	2.0%	2.1%	2.2%

(b) Performance Rights and Options

The final vesting date for vested FY16 EPS Options, being LTI's issued to incentivise and retain key executives, occurred in FY22 with all options being exercised or cancelled for net value in shares. No further grants are expected under these schemes.

Set out below is a summary of vested Options granted under the schemes:

Grant date	Final vesting date	Original Issue price ($)	Opening balance (number)	Exercised / Cancelled (number)	Closing balance (number)	Vested and transferable at the end of the year (number)
3 Sept 2015	3 Sept 2020*	0.44	5,146,089	(5,146,089)	-	-

* Final exercise date for these options was extended from 3 December 2020 to 3 December 2021.

Plan Shares granted

The fair value at grant date is independently determined in accordance with AASB 2 *Share-based Payment* using either a Black-Scholes Merton or a Monte Carlo simulation based model.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 $m	2021 $m
Equity-based compensation – expensed		
Share appreciation rights	**7.5**	7.8

Note: The expense includes $1.2 million (FY21 $1.8 million) additional expense to adjust for actual and expected service and vesting outcomes for the SARs.

38. Deed of cross guarantee

The parent entity and the companies noted in note 27 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and director's report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the 'extended closed group'.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings for the year ended 30 June 2022 of the closed group

Consolidated income statement	**2022**	2021
	$m	$m
Revenue from continuing operations		
Revenue from sales and services	**2,180.2**	1,747.6
Other income	**30.3**	180.9
	2,210.5	1,928.5
Direct transport and logistics costs	**(633.7)**	(451.7)
Repairs and maintenance costs	**(133.7)**	(110.5)
Employee benefits expense	**(812.5)**	(694.2)
Fuel, oil and electricity costs	**(174.9)**	(93.2)
Occupancy and property costs	**(39.0)**	(33.9)
Depreciation and amortisation expense	**(224.2)**	(206.0)
Professional fees	**(18.7)**	(11.5)
Impairment of non-current assets	**-**	(217.1)
Other expenses	**(10.5)**	(26.5)
Total expenses	**(2,047.2)**	(1,844.6)
Finance income	**18.7**	25.5
Finance costs	**(43.9)**	(58.0)
Net finance costs	**(25.2)**	(32.5)
Share of net profit of associates accounted for using the equity method	**29.5**	14.1
Profit before income tax	**167.6**	65.5
Income tax expense	**(80.7)**	(16.6)
Profit for the year	**86.9**	48.9
Other comprehensive income net of tax:		
Change in the fair value of cash flow hedges and cost of hedging	**2.8**	(0.7)
Share of other comprehensive income of joint venture	**1.5**	2.7
Total comprehensive income for the year	**91.2**	50.9
Total comprehensive income attributable to:		
Owners of Qube	**91.2**	50.9
Non-controlling interests	**-**	-
	91.2	50.9
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**201.0**	243.0
Profit for the year	**86.9**	48.9
Dividends provided for or paid	**(124.6)**	(90.9)
Entities leaving the closed group	**30.0**	-
Retained earnings at the end of the financial year	**193.3**	201.0

(b) Consolidated balance sheet as at 30 June 2022 of the closed group

	2022 $m	2021 $m
ASSETS		
Current assets		
Cash and cash equivalents	**103.1**	101.3
Trade and other receivables	**793.6**	367.3
Inventories	**25.3**	8.7
Derivative financial instruments	**-**	0.1
	922.0	477.4
Assets classified as held for sale	**-**	1,623.3
Total current assets	**922.0**	2,100.7
Non-current assets		
Loans and receivables	**200.9**	237.4
Investments in equity accounted associates	**577.3**	578.8
Property, plant and equipment	**1,518.3**	1,320.9
Right-of-use assets	**775.2**	584.3
Deferred tax assets	**58.4**	-
Investment properties	**53.5**	46.5
Intangible assets	**823.9**	827.3
Other financial assets	**418.9**	265.4
Derivative financial instruments	**34.8**	22.3
Other assets	**56.9**	36.8
Total non-current assets	**4,518.1**	3,919.7
Total assets	**5,440.1**	6,020.4
LIABILITIES		
Current liabilities		
Trade and other payables	**302.6**	209.6
Lease liabilities	**79.0**	63.9
Current tax payable	**163.4**	1.2
Derivative financial instruments	**0.5**	0.9
Provisions	**123.8**	113.4
Total current liabilities	**669.3**	389.0
Liabilities directly associated with the assets held for sale	**-**	165.0
Total current liabilities	**669.3**	554.0
Non-current liabilities		
Trade and other payables	**2.5**	3.4
Borrowings	**998.7**	1,465.3
Lease liabilities	**809.6**	602.6
Deferred tax liability	**-**	63.9
Derivative financial instruments	**-**	5.2
Provisions	**21.9**	13.5
Total non-current liabilities	**1,832.7**	2,153.9
Total liabilities	**2,502.0**	2,707.9
Net assets	**2,938.1**	3,312.5
EQUITY		
Contributed equity	**2,719.7**	3,108.1
Reserves	**25.1**	3.4
Retained earnings	**193.3**	201.0
Total equity	**2,938.1**	3,312.5

39. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022	2021
	$m	$m
Balance sheet		
Current assets	**68.9**	76.3
Total assets	**4,101.2**	5,009.0
Current liabilities	**39.4**	32.0
Total liabilities	**1,043.3**	1,528.4
Shareholders' equity		
Issued capital	**2,880.1**	3,239.5
Reserves	**(26.9)**	(13.1)
Retained earnings	**204.6**	254.2
	3,057.8	3,480.6
Profit for the year	**75.0**	319.3
Total comprehensive income	**75.0**	319.3

(b) Guarantees entered into by the parent entity

There are cross guarantees given by the parent entity and the companies noted in note 27. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee given the low likelihood of it being called.

ACCOUNTING POLICY

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries and associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

The parent entity and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by the parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

(ii) Tax consolidation legislation (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

40. Summary of other accounting policies

(a) Other Income

(i) Asset sales

The gain or loss on disposal of assets is recognised when title has transferred on the assets.

(ii) Interest income

Interest income is recognised in the statement of comprehensive income for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the statement of comprehensive income.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, Qube estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the ‘functional currency’). The consolidated financial statements are presented in Australian dollars, which is Qube's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(d) Adoption of standards

(i) New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Directors' declaration on the Financial Statements

In the directors' opinion:

(a) the financial statements and notes set out on pages 62 to 138 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 38.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Allan Davies
Director

Sydney
25 August 2022

Independent Auditor's Report to the Members

Independent auditor's report

To the members of Qube Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Qube Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2022
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $11 million, which represents approximately 5% of the Group's underlying profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group underlying profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group operates largely across Australia and New Zealand, with its key operating segments being Operating Division and a 50% interest in Patrick Terminals. These divisions are supported by a corporate function in Sydney.
- We decided the nature, timing and extent of work that needed to be performed by us and component auditors operating under our instruction.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Accounting for the Moorebank sale transaction *(Refer to note 25) $3.3m* The Group has determined that the assets and liabilities that were sold to Logos Property Group meet the classification of Discontinued operations under Australian Accounting Standards at reporting date. The Group had previously measured these assets and liabilities at the lower of their carrying amounts and fair value less costs to sell as required by Australian Accounting Standards. This included an assessment of the fair value of any contingent consideration and contingent payments that may be required to be paid as part of the sale. This was a key audit matter given: • the relative size of the discontinued operations in the context of the consolidated balance sheet • the significant judgement and subjectivity involved in the fair value assumptions; and • the significant disclosures required given the transaction triggers discontinued operations disclosures.	We have performed the following procedures, including: • Assessed the appropriateness of the classification of the sale of assets and liabilities as a discontinued operation in the context of the Australian Accounting Standards. • Agreed the sales consideration included in the disclosed gain on sale to appropriate supporting documentation. • Assessed the appropriateness of key assumptions made in determining the fair value of contingent consideration included in the gain on sale disclosed. • Tested the mathematical accuracy of the gain on sale disclosed. • Assessed the appropriateness of the Group's assumptions made in determining the fair value of contingent payments included in the gain on sale disclosed. • Assessed whether the disclosures within the financial report are reasonable in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of goodwill *(Refer to note 12) $802.0m* Goodwill is not amortised and Australian Accounting Standards require that it is tested at least annually for impairment or more frequently if impairment indicators exist. The Group performed impairment assessments relating to goodwill by preparing discounted cash flow models to determine the recoverable amounts of each cash generating unit. These assessments involve significant judgements in estimating future cash flows and the rate at which they are discounted and in evaluating fair value less costs to sell. Goodwill has been allocated to the Operating Division and AAT. This was a key audit matter given: • the relative size of goodwill in the consolidated balance sheet; and • the significant judgement and subjectivity involved in reliably forecasting cash flows within the model.	In considering the recoverable amount of goodwill determined by the Group's impairment assessment, amongst other procedures, we: • Tested the mathematical accuracy of the discounted cash flow models used to determine the recoverable amount of goodwill. • Evaluated the appropriateness of the impairment assessment methodology and certain assumptions applied in calculating the recoverable amount. • Compared the key budget assumptions (such as revenue and expenses) used in the model to the Board approved budget. • Considered the sensitivity of the models by varying key assumptions, such as terminal growth rates and discount rates, within a reasonably possible range. • Assessed the appropriateness of the carrying values recorded within the model for each cash generating unit. • Evaluated the Group's ability to forecast future results for the business by comparing previous budgets with reported actual results for previous financial years. • Assessed the appropriateness of the discount rate and terminal growth rate assumptions by comparing them to market data, comparable companies and industry research, with the assistance of PwC valuation experts. • Assessed whether the disclosures within the financial statements are reasonable in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 23 to 59 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Qube Holdings Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
25 August 2022

Shareholder Information

Top 20 Shareholders

As at 18 August 2022, the top 20 Shareholders of Qube were as follows:

Rank	Name	Number of shares	% of capital
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	442,868,699	25.08
2.	CITICORP NOMINEES PTY LIMITED	209,954,064	11.89
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	197,643,047	11.19
4.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	96,400,640	5.46
5.	NATIONAL NOMINEES LIMITED	75,758,574	4.29
6.	TAVERNERS NO 10 PTY LTD	73,948,838	4.19
7.	BNP PARIBAS NOMS PTY LTD <DRP>	50,083,027	2.84
8.	MUTUAL TRUST PTY LTD	50,002,845	2.83
9.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	16,481,982	0.93
10.	MR PETER GIACCI <P L GIACCI FAMILY A/C>	13,957,420	0.79
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	12,474,814	0.71
12.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	9,347,869	0.53
13.	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	7,538,951	0.43
14.	BOND STREET CUSTODIANS LIMITED <CAJ - D64993 A/C>	7,017,945	0.40
15.	INVIA CUSTODIAN PTY LIMITED <MAURICE ALAN JAMES A/C>	6,305,180	0.36
16.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,821,734	0.27
17.	MR WILLIAM HARA	4,651,903	0.26
18.	LADDARA PTY LTD	4,134,501	0.23
19.	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS IOOF EMPLOYER SUPER A/C>	3,811,534	0.22
20.	INVIA CUSTODIAN PTY LIMITED <AJ & LM DAVIES FAMILY A/C>	3,727,429	0.21
	Total	**1,290,930,996**	**73.11**

Substantial Shareholders

As at 18 August 2022, Qube had received notification regarding the following substantial holders:

Substantial shareholder	Number of shares	Date of change	Voting power
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Ltd	93,776,732	6 June 2022	5.31%
Challenger Limited (and its entities)	127,637,537	1 June 2022	7.23%
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Ltd	93,776,732	26 May 2022	4.88%
Challenger Limited (and its entities)	109,470,465	16 May 2022	6.20%
State Street Corporation and subsidiaries	95,778,819	11 April 2022	4.99%
State Street Corporation and subsidiaries	95,937,315	8 April 2022	5.00%
State Street Corporation and subsidiaries	95,763,437	7 April 2022	4.99%
State Street Corporation and subsidiaries	96,024,173	6 April 2022	5.00%
BlackRock Group (BlackRock Inc. and subsidiaries)	98,974,218	31 March 2022	5.15%
Challenger Limited (and its entities)	147,190,233	18 March 2022	7.67%

Greencape Capital Pty Ltd	116,134,541	17 March 2022	6.05%
UniSuper Limited as trustee for UniSuper and UniSuper Management Pty Ltd	101,086,847	17 March 2022	5.26%
Challenger Limited (and its entities)	116,755,115	8 September 2021	6.12%

Unmarketable Parcels

As at 18 August 2022, details of parcels of Qube shares with a value of less than $500 were as follows:

	Minimum parcel size	Holders	Shares
Minimum $500 parcel at $2.75 per share	182	759	42,489

Distribution Schedule

As at 18 August 2022, the distribution of holdings of Qube shares was as follows:

Range	Total holders	Shares	% of capital
1 – 1,000	3,911	1,863,973	0.11
1,001 – 5,000	7,763	22,054,126	1.25
5,001 – 10,000	5,402	40,147,481	2.27
10,001 – 100,000	8,700	233,954,003	13.25
100,001 and over	606	1,467,742,941	83.12
Total	**26,382**	**1,765,762,524**	**100.00**

Voting Rights

Each ordinary share carries with it one vote.

Restricted Securities

Qube does not have any restricted securities.

Unquoted Equity Securities

There are 44,001,079 Share Appreciation Rights currently on issue to 21 current and former Qube senior executives under Qube's Long Term Incentive (SAR) Plan.

Current On-Market Buy-Backs

There are no current on-market buy-backs of shares in Qube.

On-Market Purchases of Securities

During the 2022 financial year, Qube's employee share trust acquired 383,109 shares on-market at an average price of $3.2049 for the purposes of satisfying obligations under Qube's employee incentive schemes.

Qube Subordinated Notes

On 5 October 2016, Qube issued 3,050,010 subordinated notes which commenced trading on the ASX on 6 October 2016 under ASX code ‘QUBHA’.

Corporate Governance Statement

Qube’s 2022 Corporate Governance Statement and Appendix 4G may be accessed via Qube’s website at:
http://qube.com.au/investor/reports-presentations/

Corporate Directory

Directors

Allan Davies (Chairman)
Sam Kaplan (Deputy Chairman)
Paul Digney (Managing Director)
Ross Burney
Alan Miles
Stephen Mann
Jackie McArthur
Nicole Hollows

Secretaries

William Hara
Adam Jacobs

Principal Registered Office in Australia

Level 27, 45 Clarence Street
Sydney NSW 2000
T: +61 2 9080 1900

Security Exchange Listing

Qube Holdings Limited shares and subordinated notes are listed on the Australian Securities Exchange (ASX)

Website Address

www.qube.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
T: (Australia) 1300 850 505; (International) +61 2 8234 5000

www.qube.com.au

Qube Holdings ABN 14 149 723 053