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ASX Announcement

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Qube Completes Sale of Moorebank Logistics Park (MLP)

On 5 July 2021, Qube announced that it had entered into binding transaction documentation with the LOGOS Property Group Consortium (LOGOS Consortium) for the sale of 100% of its interest in the warehousing and property components of the MLP project. As advised at that time, the transaction completion was subject to satisfaction of several conditions including FIRB approval, Moorebank Intermodal Company (MIC) consent, resolution of a number of material issues with MIC and other conditions.

Qube is pleased to advise that all the required approvals have been received, outstanding conditions satisfied, and completion of the transaction will occur today.

Transaction overview

The transaction is materially in line with previous disclosure with the key elements summarised below.

- Purchase price of c.\$1.67 billion before tax, transaction costs and other adjustments.
- Consideration of c.\$1.36 billion paid on financial close and c.\$312 million deferred. Part of the deferred amount is paid as construction of Stage 1 of the Interstate Rail Terminal is delivered and the balance is payable upon receipt of certain planning approvals for the remainder of the warehousing development.
- Post completion adjustments including working capital and for warehouse and precinct infrastructure capital expenditure spent compared to the forecast capex to 30 June 2021 and such further capital expenditure until financial close.
- Qube is well positioned to prudently manage the risks associated with the deferred payments and other transaction obligations.
- LOGOS Consortium to fund and deliver the balance of development for the MLP Property Assets including funding of the Woolworths warehouse distribution facilities.
- Qube to retain full ownership of the IMEX Rail Terminal and majority ownership of the future Interstate Rail Terminal.
- Transaction documents include alignment principles to align the long-term interests and objectives between the property leasing and rail terminal and logistics activities.
- Qube and the LOGOS Consortium have entered into agreements that allocate responsibility for the ongoing development of the Project between the parties and provide certain indemnities to each other, some of which, if triggered, could result in a substantial payment by Qube to the LOGOS Consortium. 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.

As part of the process of securing MIC consent and resolving outstanding disputes, there have been some changes to the future ownership of the MLP Interstate Rail Terminal as outlined below.

MLP Interstate Rail Terminal

Under the terms of the original contractual arrangements with 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 previously advised, there was a dispute between MIC and Qube as to whether or not an Event of Default had occurred in relation to delivery of Stage 1 of the Interstate Rail Terminal.

As part of the resolution of this matter, Qube, MIC and the LOGOS Consortium have agreed new arrangements for the future ownership and operation of the Interstate Rail Terminal comprising the following key elements:

- Establishment of a new Joint Development Model (JDM) to undertake the management of the Interstate Rail Terminal following completion of the initial stage of construction.
- Qube to retain responsibility to manage the construction of Stage 1 of the Interstate Rail Terminal, and to initially fund the Stage 1 construction.
- MIC will obtain a 10% interest in the JDM for nominal cost, with Qube funding MIC's share of the Stage 1 capex required to create 250,000 TEU capacity. MIC will be required to either fund its proportionate share of the cost of developing Stage 2 of the Interstate Rail Terminal (increasing capacity from 250,000-500,000 TEU) or be diluted.
- 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%.
- MIC 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.

The benefits to Qube of the revised arrangements are to align the interests of Qube, the LOGOS Consortium and MIC to attract warehouse tenants and other rail freight owners seeking an efficient, well located and competitive rail terminal.

Qube and MIC have reached a conditional agreement regarding Qube's option to acquire land at Beveridge, Victoria. Further information will be provided if this transaction proceeds.

Qube Post-Transaction Completion

As previously advised, following completion of the transaction, Qube will be focused on its core logistics business, and will have the long term benefits of retaining its interest in the terminals and logistics activities at MLP.

Qube intends to review its capital structure and the appropriate use of the after-tax proceeds from the monetisation transaction. This is expected to include repayment of debt, retaining adequate liquidity to support continued investment in attractive growth opportunities, and potentially capital management initiatives.

Further details on any capital management initiatives and Qube's future capital structure are expected to be communicated as part of Qube's interim results release.

Authorised for release by:

The Board of Directors, Qube Holdings Limited

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