

4 June 2015

## ASX Announcement

### Moorebank Intermodal Terminal Project Contracts Signed and Trading Update

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#### Moorebank Project

Qube is pleased to announce today the entry into conditional contracts for the Moorebank Intermodal Terminal Project. The Moorebank Project offers outstanding long-term growth potential to Qube.

Attached is the announcement made by Moorebank Intermodal Company and Sydney Intermodal Terminal Alliance (SIMTA), a consortium comprising Qube 67% and Aurizon 33%.

Highlights of this transformational Project for Qube are:

- Moorebank will be Australia's largest intermodal precinct with SIMTA granted a 99 year lease over 243 hectares of land.
- Qube will operate IMEX and Interstate freight terminals handling up to 1.5 Million TEU per annum when fully developed.
- Qube has development, property and asset management rights over the precinct for the 99 year term of the lease.
- The precinct will include up to 850,000sqm of warehousing fully integrated with port shuttle and interstate terminals.
- Direct capex for Qube (excluding warehousing) will be approximately \$400-\$450 million over the first five years.

A detailed Investor Briefing on Moorebank will be held at 10:00am at the Amora Jamison Hotel in Sydney on Thursday 11 June 2015. The briefing will be webcast and log-in details will be provided next week. A background fact sheet is available at [www.qube.com.au](http://www.qube.com.au).

#### Trading Update

Qube wishes to provide the following update on trading conditions and outlook.

##### Trading Conditions

Qube is pleased to advise that it has finalised the extension and amendment of its contract with Atlas Iron, with the contract now extended a further seven years. The new contract provides for interim arrangements for up to 24 months during which Qube has reduced its base charges to Atlas but with an upside sharing arrangement whereby Qube may earn

additional revenue depending on the iron ore price received by Atlas and the free cash flow generated by Atlas.

At the end of the interim arrangements, the contract pricing will revert to a rate structure with a set rate per tonne linked to volume.

Atlas is an important customer and Qube is pleased to reach a mutually beneficial outcome that supports Atlas' long term viability.

As a result of Atlas temporarily suspending its operations, throughput at Utah Point was lower in May and will be below previous levels in June. Elsewhere, trading conditions in Qube's key markets continue to be challenging with lower volumes and rate pressures in a number of areas of the business. The severe weather in New South Wales in April also impacted Qube's rail operations in New South Wales.

Despite difficult trading conditions, Qube reaffirms that it expects continued growth in underlying earnings per share in FY 15 compared to the prior period.

### Outlook

Looking forward, Qube does not expect trading and economic conditions to improve in FY 16.

With regard to Atlas, the volumes are expected to remain below previous levels until at least the December 2015 quarter when the Mt Webber mine is expected to be producing iron ore at its target volumes.

The earnings in the Ports & Bulk division in FY 16 will also be impacted by the completion of several contracts during the second half of FY 15 including the Yara contract at Dampier and project work at Roy Hill, and the previously announced cessation of the Arrium contract.

The impact of these factors will be partly mitigated by the contribution from new contracts secured by Qube Ports & Bulk in FY 15 and the full year impact of acquisitions and growth capital expenditure completed in FY 15. However, based on current information and excluding the contribution from any new contracts or acquisitions, Qube expects that the underlying earnings from the Ports & Bulk division will be lower in FY 16 compared to FY 15.

Qube is continuing to pursue a number of strategic growth opportunities across its core markets and will continue to invest in acquisitions, facilities, equipment and technology to build scale and efficiencies, and deliver innovative, reliable logistics solutions.

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JOINT MIC and SIMTA media release

**Government approves MIC and SIMTA agreement to develop and operate Moorebank Intermodal Terminal**

**Sydney, 4 June 2015**

The Commonwealth Government has approved Moorebank Intermodal Company (MIC) entering into an agreement with the Sydney Intermodal Terminal Alliance (SIMTA) to develop and operate the Moorebank Intermodal Terminal, with the contracts now signed.

SIMTA, a consortium of Qube Holdings and Aurizon Holdings, will develop and operate the open access freight terminal on a joint precinct comprising Commonwealth land and adjoining land owned by SIMTA.

The terminal will enable more shipping containers to travel by rail, reducing the distance travelled by freight trucks on Sydney's roads and the nation's highways, and helping Port Botany to continue to grow.

Moorebank has been identified as a priority location for a freight terminal since 2004. Its direct rail link to Port Botany and freight markets around Australia, and its proximity to major motorways, make it ideal for an intermodal facility.

The precinct will include an import-export (IMEX) freight terminal with eventual capacity for up to 1.05 million containers per year, and an interstate freight terminal with capacity for up to 500,000 containers a year. Stage 1 will see 250,000 containers per year through the IMEX facility. The first stage of the interstate terminal will have a similar capacity. Subsequent stages will be developed in line with demand.

Under the terms of the agreement, the two tracts of land will be combined under a land trust and leased to SIMTA for 99 years. The contractual framework creates strong incentives for the terminal to achieve the Commonwealth's objective to improve national productivity through an efficient supply chain, increased freight capacity and better rail utilisation.

The agreement will deliver economic, environmental and community benefits, including:

- reducing constraints on container volumes moving through Port Botany;
- relieving traffic congestion on Sydney's roads and the nation's highways;
- enabling faster freight times and reduced costs to business and consumers;
- creating jobs in south-west Sydney throughout construction and operation of the terminal; and
- reducing the project's rail track footprint and retaining more open space by connecting to the freight rail line at the south of the precinct.

Chair of MIC, Dr Kerry Schott, said the agreement with SIMTA was good news for the freight industry, road users and the economy.

"We are delighted that this agreement between SIMTA and MIC has been approved. The terminal is critical infrastructure that will help unlock Sydney's transport gridlock and get more interstate freight on rail," Dr Schott said.

"The terminal will be open access for transport operators to increase competition in the freight market, it will support Federal and New South Wales targets to get more freight on rail, and the cost to government will be small."

The Commonwealth is expected to invest around \$370 million in the development, including funding the rail connection between the terminal and the Southern Sydney Freight Line and land preparation works. This investment will attract a low-risk return and is significantly lower than the amount anticipated when MIC was established in 2012.

SIMTA has committed to build and operate the terminals and has development rights for associated warehousing at a total project cost of approximately \$1.5 billion over ten years. The precinct will include 850,000 sqm of integrated warehousing when fully developed.

The IMEX terminal is expected to start operations in late 2017 and the interstate terminal in approximately 2019.

Maurice James, Managing Director of Qube Holdings, said he was delighted to have reached agreement with Moorebank Intermodal Company on the development of this vital infrastructure for Sydney.

“The whole-of-precinct approach that combines the Commonwealth and SIMTA sites provides a greater opportunity for complementary warehousing development, enhancing the facility’s cost-effectiveness compared to road, and supporting throughput and greater rail use,” Mr James said.

“This first stage of development will ultimately process around 250,000 IMEX containers each year, with the interstate terminal expected to commence shortly afterwards. The stages of development will be carefully managed, but when operating at full capacity, the terminal will ultimately reduce the total distance travelled by import-export freight trucks in Sydney by more than 60,000km each day,” Mr James said.

“A combined integrated precinct will reduce the rail track footprint and preserve more open space along the Georges River by connecting to the main freight rail line at the southern end of the precinct, rather than through the public park next to the river.”

Lance Hockridge, Managing Director & CEO of Aurizon, said Moorebank represented an end-to-end logistics solution with rail terminals and warehousing in a single location, ideally situated given its proximity to North/South and East/West interstate rail corridors, as well as the M5 Motorway.

“As Australia’s largest rail freight operator, Aurizon brings unique expertise and perspective to this critical nation-building infrastructure project,” Mr Hockridge said.

“We are delighted to work in close collaboration with all parties, including the Federal Government, on a project with the potential to transfer a greater share of Australia’s freight from road to rail, delivering a range of economic, environmental and social benefits.”

The agreement has been subject to a cost-benefit analysis, which demonstrated that the economic benefits exceed the costs, and the Commonwealth contribution represents good value for money given the significant benefits that will be achieved.

The contractual structure enables the Government to sell its revenue stream from the terminal in the future, but the operating requirements for the terminal, particularly the open access rules, will continue for the term of the lease.

MIC and SIMTA are working to obtain the relevant planning and environmental approvals for the precinct. If the initial approvals are obtained, construction of the first stage is expected to commence in the second half of calendar year 2015. More information about Moorebank Intermodal Terminal is available at [www.micl.com.au](http://www.micl.com.au).

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