

31 May 2017

The QUBE logo consists of the word "QUBE" in a bold, yellow, sans-serif font, set against a dark grey rectangular background.

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ASX Announcement / Media Release

Qube announces \$350 million equity raising to fund new Moorebank warehousing and strategic growth initiatives

Moorebank update

Qube is pleased today to announce a number of initiatives in relation to development of its Moorebank Logistics Park ("Moorebank"), the largest intermodal precinct in Australia.

Earlier this month, Qube officially commenced development at Moorebank and is now in advanced discussions with a number of potential tenants for the development. In the near term, Qube expects to announce its first tenant for a purpose-built new warehouse facility to be developed by Qube with a long-term logistics contract¹ for Qube Logistics.

Qube today announces it expects to fund the construction of at least \$80 million of new warehousing at Moorebank. This comprises the warehouse for the first tenant as well as an initial warehouse facility for Qube Logistics, and construction is expected to commence in early 2018.

Qube Managing Director Maurice James said: "Qube is pleased to have achieved a further important milestone, with the development of the first new warehousing at Moorebank bringing us a step closer to realising the substantial benefits that the Moorebank project will deliver for customers, suppliers, and the entire East Coast freight and logistics chain."

"We are delighted with the initial reaction of potential tenants to the transformational proposition that is provided by the Moorebank facility" Mr James said.

New warehousing at Moorebank is intended to be built on demand and with pre-commitments from tenants. There is a range of funding options for future warehousing development including third party funding, tenant funding, or Qube funding. Further warehousing funded by Qube in the next 2-3 years will continue to be driven by tenant partnering considerations and the delivery of maximum long term value to Qube shareholders.

Qube has invested c.\$140 million in FY17 year to date to acquire the remaining 33% of Moorebank it did not already own and on initial development capex. As previously noted, Qube expects to invest c.\$400 million of capex in the development of Moorebank (excluding warehousing and rail shuttle capex) over the first 5 years.

¹ Logistics contract expected to be for a 5 year term with options to extend (subject to finalisation).

Other growth initiatives

Qube continues to expand its ownership of strategic assets and capabilities through strategic acquisitions and growth capex initiatives.

In addition to completing the acquisition of 50% of the Patrick terminals business, Qube has undertaken a number of other growth initiatives in FY17, including:

- c.\$136 million of M&A, including the acquisitions of the remaining 50% of AAT that Qube did not already own as well as Austrans; and
- c.\$70 million of growth capex committed to or approved in FY17 year to date², including new locomotives, warehousing at Altona, facility upgrades at Minto to support an automotive logistics hub, equipment for new contracts and land near the port in South Australia used by Qube Logistics.

Qube believes that its investments in strategic acquisitions and other growth capex initiatives enhance the scope and quality of Qube's operations, and provide a platform for continued long term earnings growth.

Qube continues to assess a range of other strategic organic and inorganic growth initiatives.

Equity Raising

To support its funding for the new warehousing and growth capex initiatives, and further strengthen Qube's balance sheet to provide liquidity to pursue additional strategic growth opportunities, Qube will undertake a fully underwritten \$350 million equity raising consisting of:

- a \$228 million fully underwritten 1 for 15 accelerated non-renounceable entitlement offer at \$2.35 per share ("Entitlement Offer"), representing a 10.3% discount to TERP (\$2.62³) and a 11.0% discount to Qube's last closing price (\$2.64⁴); and
- a \$122 million fully underwritten institutional placement ("Placement"). The Placement price will be determined via a variable price bookbuild with a floor price of \$2.40 and a maximum price of \$2.45, which represents a discount of 6.5% to 8.4% to TERP and a discount of 7.2% to 9.1% to Qube's last closing price.

Following the equity raising, Qube will have adequate liquidity to fund the warehousing investment and other organic growth capex announced today, while retaining capacity to pursue additional strategic growth opportunities.

As previously advised, Qube expects the minimum required capital expenditure over the first five years of the project will be approximately \$400 million and this relates to the precinct enabling infrastructure and stage 1 of the IMEX and interstate rail terminals. Qube continues to anticipate that this will be funded from its undrawn debt facilities, cash and operating cashflow.

CPPIB has indicated that it intends to subscribe for its entitlement in the Entitlement Offer and to take up additional shares under the Placement to maintain its existing ownership proportion. Taverners Group has indicated that it intends to subscribe for all of its entitlement and Wilh. Wilhelmsen for between 50% and 100% of its entitlement in the Entitlement Offer. The Directors who are eligible to participate in the Entitlement Offer have each confirmed their intention to subscribe for their respective entitlements.

² Subject to contract finalisation.

³ The Theoretical Ex-Rights Price, calculated based on a closing price for Qube shares of \$2.64 on 30 May 2017, rounded to 2 decimal places.

⁴ The closing price of Qube on ASX on 30 May 2017.

Guidance

Qube re-affirms its previous financial outlook of increased underlying earnings (NPAT) in FY17, with underlying earnings growth in both operating divisions.

Offer timetable

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

Event	Date
Announcement of the Entitlement Offer and Placement	Wednesday, 31 May 2017
Institutional Entitlement Offer bookbuild	Wednesday, 31 May to Thursday, 1 June 2017
Record date	Friday, 2 June 2017
Retail Entitlement Offer opens	Wednesday, 7 June 2017
Institutional Entitlement Offer and Placement Settlement Date	Friday, 9 June 2017
Institutional Allotment & Trading Date	Tuesday, 13 June 2017
Retail Entitlement Offer closes	Wednesday, 21 June 2017
Retail Allotment Date	Thursday, 29 June 2017
Retail Trading Date	Friday, 30 June 2017

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