

QUBE

NOTICE
OF 2020
ANNUAL
GENERAL
MEETING





Notice of Annual General Meeting

Notice is hereby given that the annual general meeting (**AGM** or **meeting**) of members (**Shareholders**) of Qube Holdings Limited (ABN 14 149 723 053) (**Company** or **Qube**) will be held on Thursday, 26 November 2020 at 10:30am (Sydney time).

As noted in the letter from the Chairman, Shareholders are invited to participate in the AGM virtually via the Lumi online meeting platform: www.web.lumiagm.com. Shareholders may also vote or appoint a proxy prior to the AGM. Further information on how to do this and to participate in the AGM is set out in this Notice of Meeting, an AGM Access Notice, Lumi Online Meeting Guide and answers to FAQs. These materials are located on Computershare's Investor Vote page for Qube's AGM at: www.investorvote.com.au and Qube's website at www.qube.com.au/annual-meetings/.

Letter from the Chairman



Dear Shareholder

I am pleased to invite you to participate in the 2020 annual general meeting (**AGM** or **meeting**) of members of Qube Holdings Limited (**Qube** or **company**). The AGM will be held on Thursday, 26 November 2020 commencing at 10:30am (Sydney time).

This year's AGM will be held via the Lumi online virtual meeting platform due to government health regulations imposed in response to the COVID-19 pandemic, and to ensure the health and safety of everyone participating.

Participants logging into the online meeting platform will be able to view a live webcast and shareholders and proxy holders will be able to ask questions, and submit their votes, online and in real-time.

I encourage all shareholders to participate through the online meeting platform. In order to do so, you will need to log in to the platform via your computer, tablet or mobile device by going to www.web.lumiagm.com/ or downloading the Lumi app from the Apple App Store or Google Play Store.

Once on the platform, you will need to enter Qube's meeting number (which is 393381818) and provide your details (including your SRN/HRN) to be verified as a shareholder. Login information for proxy holders is available by calling Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open one hour before the start of the meeting. Once logged in, you will then see icons enabling you to ask questions and vote during the AGM.

It is also possible to observe the meeting as a guest. To register as a guest, once you have entered the meeting ID you must select 'Guest' and enter your name and email address. Participants registered as guests cannot ask questions or vote.

More detailed information on how to participate in the virtual AGM is contained in the Notice of Meeting and the materials accompanying the Notice of Meeting. These materials, including an AGM Access Notice, Lumi Online Meeting Guide and answers to FAQs, are located on Computershare's Investor Vote page for Qube's AGM at: www.investorvote.com.au and Qube's website at: www.qube.com.au/annual-meetings/.

The AGM is an essential part of Qube's corporate governance arrangements and an important and valued way shareholders can be informed of, and involved in, Qube's progress and development. The agenda for this year's meeting includes resolutions on:

- adoption of the FY20 Remuneration Report (as set out on pages 21 to 49 of Qube's 2020 Annual Report);
- election of new non-executive directors, Jackie McArthur and Nicole Hollows. Ms McArthur and Ms Hollows, who were appointed to the Qube Board of directors in August and October respectively, stand for election at the AGM in accordance with Qube's Constitution (non-executive directors Peter Dexter and Sue Palmer are retiring by rotation at the end of this AGM in accordance with Qube's Constitution and have chosen not to stand for re-election); and
- adoption of an amended Constitution for the company reflecting recent changes in regulations and practice and the inclusion of proportional takeover provisions.

Shareholders are encouraged to vote or appoint a proxy to act for you prior to the meeting. This can be done online via investorvote.com.au or by sending a completed voting form to Computershare. Details on how to do this are also contained in the Notice of Meeting.

I would like to thank all shareholders for your continuing support of Qube, particularly during these testing times affecting everyone in the community. I hope all shareholders keep safe and well and I look forward to your participation in this meeting.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Allan Davies', written in a cursive style.

Allan Davies
Chairman, Qube Holdings Limited

ITEMS OF BUSINESS

Financial statements and reports

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2020.

Note: there is no requirement for Shareholders to approve these reports.

Resolutions

1. Election of Jacqueline McArthur

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"That Ms. Jacqueline McArthur be elected as a Director."

Note: the Chairman intends to vote all available proxies in favour of this Resolution.

2. Election of Nicole Hollows

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"That Ms. Nicole Hollows be elected as a Director."

Note: the Chairman intends to vote all available proxies in favour of this Resolution.

3. Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"That the Remuneration Report of the Company for the year ended 30 June 2020 be adopted."

Notes:

- The vote on this Resolution is advisory only and does not bind the Directors or the Company.
- This Resolution is subject to voting exclusions as outlined in the notes accompanying this Notice of meeting.
- The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.
- If 25% or more of votes cast are against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a Resolution that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election.
- The Chairman intends to vote all available proxies in favour of this Resolution.

Voting exclusions

4. Approval of FY21 award of SARs under the Qube Long Term Incentive (SAR) Plan to Maurice James

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the award of 3,538,448 SARs to Maurice James in accordance with the terms of the Qube Long Term Incentive (SAR) Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Notes:

- This Resolution is subject to voting exclusions as outlined in the notes accompanying this Notice of meeting.
- The Chairman intends to vote available proxies in favour of this Resolution.

5. Approval of the issue of securities under the Qube Long Term Incentive (SAR) Plan

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

"That, for the purposes of Exception 13 to ASX Listing Rule 7.2 and for all other purposes, the issue of securities under the Qube Long Term Incentive (SAR) Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Notes:

- This Resolution is subject to voting exclusions as outlined in the notes accompanying this Notice of Meeting.
- The Chairman intends to vote available proxies in favour of this Resolution.

6. Amendments to Constitution

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"That the Constitution be amended as set out in the document tabled at the meeting and signed by the Chairman for identification (other than Part 14 - proportional takeover provisions), with effect from the close of the meeting."

Notes: the Chairman intends to vote available proxies in favour of this Resolution.

7. Proportional takeovers

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"That the Constitution be amended by inserting Part 14 relating to proportional takeovers, as set out in the document tabled at the meeting and signed by the Chairman for identification, with effect from the close of the meeting."

Note: the Chairman intends to vote available proxies in favour of this Resolution.

The Company will disregard any votes cast:

- in favour of Resolution 3 (Remuneration Report):
 - by or on behalf of a member of the Key Management Personnel (i.e. those persons whose remuneration is disclosed in the Remuneration Report of the Company) or any of their Closely Related Parties in any capacity; or
 - by any member of the Key Management Personnel (or any of their Closely Related Parties) as proxy,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel);.
- in favour of Resolution 4 (Approval of FY21 award of SARs under the Qube Long Term Incentive (SAR) Plan to Maurice James):
 - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) or any of his Associates; or
 - by any member of the Key Management Personnel (or any of their Closely Related Parties) as proxy,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel);
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

- in favour of Resolution 5 (Approval of the issue of securities under the Qube Long Term Incentive (SAR) Plan):
 - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) or any of his Associates; or
 - by any member of the Key Management Personnel (or any of their Associates or Closely Related Parties) entitled to participate in the Qube Long Term Incentive (SAR) Plan,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel);
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Participation and voting

Virtual AGM and webcast

The meeting will be webcast live through the Lumi online virtual meeting platform: www.web.lumiagm.com. Shareholders and proxyholders may participate by logging in to the platform via your computer, tablet or mobile device when the meeting commences.

Shareholders must enter Qube's meeting number (which is 393381818) and certain details (including your Shareholder Reference Number (SRN) or Holder Identification Number (HIN)) to verify you as a Shareholder. Login information for proxy holders is available by calling Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open one hour before the start of the meeting.

It is also possible to observe the meeting as a guest. To register as a guest, once you have entered the meeting ID you should select 'Guest' and enter your name and email address. Participants registered as guests cannot ask questions or vote.

Information on logging in to the online meeting platform has been emailed to Shareholders (or posted to those Shareholders who have elected not to receive electronic communications). These materials include an AGM Access Notice, Lumi Online Meeting Guide and answers to FAQs. These materials are available:

- on Computershare's Investor Vote page for Qube's AGM at: www.investorvote.com.au. Shareholders will need to enter their SRN/HIN and unique 6-digit Control Number located on their personalised AGM Access Notice and on their Voting Form.
- on Qube's website at: www.qube.com.au/annual-meetings/

Information on how to use the online meeting platform, including how to vote online during the AGM, is available in the Online Meeting Guide. Registration will open one hour before the commencement of the meeting. It is recommended that you log in ahead of the meeting to test that the platform works on your device. A recording of the webcast will be available after the AGM on Qube's website at: www.qube.com.au/annual-meetings/.

Technical difficulties can occur with a virtual meeting format. If any such difficulties arise during the course of the AGM, the Chairman of the meeting has discretion as to whether and how the meeting should proceed, including whether it should be adjourned and, if so, for how long. In such circumstances, and in exercising his discretion, the Chairman would consider a number of factors, including the number of Shareholders affected and the extent to which participation in the meeting has been restricted. In such circumstances, the Chairman may determine that the meeting should continue and transact business including voting on the resolutions. For this reason, Shareholders should consider lodging a direct vote or appointing a proxy ahead of the AGM even if they intend to participate in the meeting online.

Discussion and questions

The format of the meeting will follow in part Qube's standard AGM format including the Chairman's Address and Managing Director's presentation followed by the items of business. Shareholders will have a reasonable opportunity to submit written questions through the online meeting platform on any of these parts of the meeting.

Written questions submitted will be read out by a moderator and the Chairman will determine the appropriate person to answer them. Questions may be submitted at any time during the meeting and on any item of business. However, to facilitate the flow of the meeting in this new format, Qube will dedicate time for a single Q&A session to cover all questions, rather than having individual Q&As on each part of the meeting and item of business.

Qube will fairly present all questions received, however Qube reserves the right to withhold questions that are abusive or irrelevant, to summarise lengthy questions and to collate a number of questions on the same topic and present them as a single question. Qube also reserves the right, where a large number of questions is submitted, to end the Q&A session after a reasonable period in order to keep within the meeting schedule. Answers (or summaries of them) to questions submitted, including any not asked during the meeting, will be uploaded to Qube's website a reasonable period of time after the meeting. These will be available at: www.qube.com.au/annual-meetings/.

Entitlement to vote

For the purpose of determining entitlements to attend virtually and vote at the meeting as a Shareholder, Shares will be taken to be held by the persons who are the registered holders at 7:00pm (Sydney time) on Tuesday, 24 November 2020. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Exercising your right to vote

The vote on each resolution will be decided by a poll. Each Shareholder present in person or by proxy or attorney via the online AGM platform has one vote for each Share held.

How to vote

Shareholders entitled to vote at the meeting may vote:

- by voting online at www.investorvote.com.au before the meeting - Shareholders must enter their SRN/HIN and unique 6-digit Control Number located on their personalised AGM Access Notice and on their Voting Form. You must submit your vote by 10:30am (Sydney time) on Tuesday, 24 November 2020.
- by voting on the online platform during the meeting - Shareholders must enter their SRN/HIN as their username. Australian shareholders must then enter the postcode of the registered address of the holding as the password. Overseas shareholders should refer to the Lumi Online Meeting Guide to locate the password for their country.

- by appointing an attorney to vote on their behalf on the online platform during the meeting or, in the case of corporate members or a proxy that is a body corporate, a corporate representative to vote on its behalf on the online platform during the meeting.
- by appointing a proxy to vote on their behalf using the online platform during the meeting, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate and need not be a Shareholder.

Corporate Representatives and Attorneys

To vote at the meeting:

- a corporate Shareholder must appoint a person to act as its representative. The appointment must comply with section 250D of the Corporations Act. The written notice of appointment must be received by the Registry before 10:30am (Sydney time) on Tuesday, 24 November 2020 by post or fax as set out below.
- a Shareholder may appoint an attorney. For the appointment to be valid, the Registry must receive the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed before 10:30am (Sydney time) on Tuesday, 24 November 2020 by post or fax as set out below.
- the corporate representative or attorney must, when accessing the online meeting platform, enter the same login details as required for Shareholders.

By post to the Registry

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Registry

1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

Voting by proxy

Shareholders wishing to vote by proxy at the meeting must:

- complete and sign or validly authenticate the proxy appointment section of the voting form and deliver the signed and completed form to the Company before 10:30am (Sydney time) on Tuesday, 24 November 2020 in accordance with the instructions below; or
- lodge online their voting form, with the proxy appointment section properly completed, before 10:30am (Sydney time) on Tuesday, 24 November 2020 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate and need not be a Shareholder. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise up to half of the Shareholder's votes.

Undirected and directed proxies

The Company encourages you to actively direct your proxy how to vote on each item of business by marking the appropriate boxes on the voting form.

Voting restrictions that may affect your proxy appointment

Due to the voting exclusions that apply to Resolutions 3, 4 and 5, the Company's KMP and their Associates and Closely Related Parties (as the case may be) will not be able to vote your proxy on those Resolutions unless you have directed them how to vote on the voting form. The Chairman can cast undirected votes on Resolutions 3, 4 and 5 under the authorisation to do so on the voting form.

If you intend to appoint a member of the KMP or one of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on Resolutions 3, 4 and 5 by marking the voting form accordingly for those Resolutions.

If you appoint the Chairman as your proxy, you can direct him how to vote by marking the boxes for each item on the voting form. Alternately, you can decide not to mark any of the boxes and he can cast your votes on each of the Resolutions. If a Shareholder appoints the Chairman as proxy and does not direct the Chairman how to vote, or if the Chairman is appointed as a proxy by default, the Shareholder will be expressly authorising the Chairman to vote, and he will vote, available proxies on, and in favour of, all of the proposed Resolutions (even where the Resolutions may relate to the remuneration of a member of Qube's KMP).

Default to Chairman

As the vote on each Resolution will be decided on a poll, if:

- a Shareholder has appointed a proxy (other than the Chairman); and
- that Shareholder's proxy is either not recorded as attending the Meeting or does not vote on the Resolution,

the Chairman will, before voting on each Resolution closes, be taken to have been appointed as the proxy for the member for the purposes of voting on that Resolution. If the appointment of the proxy does not specify the way the proxy is to vote, subject to the comments set out above, the Chairman will be expressly authorised to vote as he or she sees fit.

Submitting proxy votes

Shareholders wishing to submit proxy votes for the meeting must return the voting form, with the proxy appointment section properly completed, before 10:30am (Sydney time) on Tuesday, 24 November 2020 by any of the means set out below:

Post to the Registry

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

Fax to the Registry

1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

Online submission

Shareholders wishing to lodge electronic proxies online may do so online at www.investorvote.com.au.

Note: appointments of proxies, corporate representatives and attorneys may not be returned.

Proxyholder access to the AGM

In order to access the AGM online platform to participate in the meeting, proxy holders must call Computershare Investor Services on +61 3 9415 4024 to receive their login information (comprising a unique username and password) during the online registration period which will open one hour before the start of the meeting.

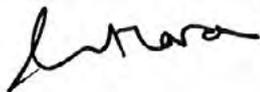
Change of appointor circumstances

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- became mentally incapacitated;
- died;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the mental incapacity, death, revocation or transfer before the meeting or adjourned meeting.

By order of the Board



William Hara
Company Secretary, Qube Holdings Limited

Dated: 23 October 2020

EXPLANATORY MEMORANDUM

This Explanatory Memorandum sets out further information regarding the proposed Resolutions to be considered by Shareholders at Qube's AGM to be held virtually on Thursday, 26 November 2020 at 10:30am (Sydney time) and forms part of the Notice.

Financial Report, Directors' Report and Auditor's Report

This item allows Shareholders the opportunity to consider the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020. Under Section 317 of the Corporations Act, the Company is required to lay these three reports before its members at its AGM. These reports are included in the 2020 Annual Report which has been sent to Shareholders and released to the ASX, and is also available on the Registry's Investor Vote page for Qube's AGM at: www.investorvote.com.au and Qube's website at: www.qube.com.au/annual-meetings/

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given the opportunity to raise questions and make comments at the Meeting on the reports and statements and general management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Auditor's Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

The Auditor may answer the questions at the meeting or table written answers. If written answers are tabled, they will be made available to Shareholders after the meeting.

Written questions for the Auditor may also be submitted before the meeting by any of the following means before 5:00pm (Sydney time) on Thursday, 19 November 2020.

By post to the Registry

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Registry

1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

Resolution 1 Election of Jacqueline McArthur

This Resolution provides for the election of Ms. Jacqueline McArthur as a Director of the Company in accordance with Rule 6.2(b) of the Company's Constitution.

As part of the Board's succession planning, the Nomination and Remuneration Committee undertook a comprehensive recruitment process earlier this year to identify a pool of prospective new Directors. Ms. McArthur was selected through this process from a strong talent pool of men and women.

Ms. McArthur has more than 20 years' 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, Middle East and Africa.

Ms. McArthur is a Non-Executive Director of Inghams (as well as Chair of its Risk and Sustainability Committee), Tassal and Invocare as well as former Non-Executive Director of the Blackmores Group and a member of the Australian Institute of Company Directors.

Ms. McArthur was appointed by the Directors under Rule 6.2(b) of the Company's Constitution with her appointment taking effect from 17 August 2020.

The Board considers Ms. McArthur to be an independent Director.

The Directors (other than Ms. McArthur who, given her interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman intends to vote all available proxies in favour of this Resolution.

Resolution 2 Election of Nicole Hollows

This Resolution provides for the election of Ms. Nicole Hollows as a Director of the Company in accordance with Rule 6.2(b) of the Company's Constitution.

Ms. Hollows was also selected through a separate recruitment process from an equally strong talent pool of men and women.

Ms. Hollows has over 20 years' 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 more recently 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.

She is the Chair of the Salvation Army Brisbane Red Shield Appeal Committee, an advisory committee member of the Salvation Army Queensland Advisory Council and a member of the CEO Strategy Advisory Committee to Executive Dean QUT Business School and Chief Executive Women Membership Committee. Ms Hollows is also a fellow of the Australian Institute of Company Directors and a member of the Institute of Chartered Accountants.

Ms. Hollows was appointed by the Directors under Rule 6.2(b) of the Company's Constitution with her appointment taking effect from 19 October 2020.

The Board considers Ms. Hollows to be an independent Director.

The Directors (other than Ms. Hollows who, given her interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

The Chairman intends to vote all available proxies in favour of this Resolution.

Resolution 3 Remuneration Report

This Resolution provides Shareholders the opportunity to vote on the Remuneration Report. Under section 250R(2) of the Corporations Act, the Company must put the adoption of its Remuneration Report to a vote of Shareholders at the Company's AGM.

The vote on this Resolution is advisory only and does not bind the Board or the Company.

The Remuneration Report is set out in, and forms part of, the Directors' Report within the 2020 Annual Report.

The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at this meeting when reviewing the Company's remuneration policies.

If 25% or more of votes cast are against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a "spill resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election. The Remuneration Report for the 2019 financial year was approved at the 2019 AGM by 91.42% of votes cast on the corresponding resolution to this Resolution.

The Company encourages all Shareholders to cast their votes on this Resolution.

Message from the Chairman of the Nomination and Remuneration Committee

In FY20, Qube delivered a sound financial result given the challenges presented by drought in New South Wales, flooding in Queensland, the bushfires and the impact of COVID-19. Operational performance was good with new significant contracts secured, completion of the IMEX terminal and the entry into two development management and long term lease agreements with Woolworths at Moorebank Logistics Park. Regrettably there was a tragic fatality in Qube's Bulk business.

The financial, operational and safety performance is reflected appropriately in the remuneration outcomes of the Managing Director and the other KMP.

In summary:

- To support initiatives to reduce costs in response to COVID-19 and avoid lay-offs, in the last quarter of FY20, the Board reduced non-executive director fees by 50%, the Managing Director reduced his fixed remuneration by 50% and the other KMP reduced their fixed remuneration by 25% by taking either annual leave or leave-without-pay whilst still working.
- The Managing Director was awarded 54% of his maximum STI opportunity. The other KMP were awarded between 43% and 58% of their maximum STI opportunity. Qube did not materially benefit from the JobKeeper programme and it was effectively a "pass-through" enabling operations at affected businesses to continue and avoid lay-offs. Accordingly, the JobKeeper programme did not materially contribute to the STI outcomes received by the KMP. The tragic fatality of a Qube employee resulted in the KMP forfeiting 40% of their safety KPI.

- The share appreciation rights that were granted in November 2016 vested in FY20. Over the approximately 3-year performance period, the share price increased from \$2.39 to \$3.27, representing a compound annual growth rate of 12.0%. Qube's total shareholder return (TSR) over the same period was 53.3%, exceeding the ASX 200's TSR of 38.4%.

Board recommendation

The Directors consider that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are linked to the performance of both the Company and the individual. On that basis, the Directors unanimously recommend that Shareholders vote in favour of this advisory Resolution.

The Chairman intends to vote all available proxies in favour of this Resolution.

Voting exclusions

The Company will disregard any votes cast in favour of this resolution:

- by or on behalf of a member of the KMP (i.e. those persons whose remuneration is disclosed in the Remuneration Report of the Company) or any of their Closely Related Parties in any capacity; or
- by any member of the KMP (or any of their Closely Related Parties) as proxy,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP);

Resolution 4 Approval of FY21 award of SARs under the Qube Long Term Incentive (SAR) Plan to Maurice James

The Company is seeking Shareholder approval in accordance with Listing Rule 10.14 for the FY21 award of 3,538,448 share appreciation rights (SARs) to Qube's Managing Director, Maurice James, under the Qube Long Term Incentive (SAR) Plan (LTI (SAR) Plan) as part of Mr James' remuneration package.

If approval is given for the purposes of Listing Rule 10.14, the Company is entitled to rely on Exception 8 to Listing Rule 10.12, as an exception to any requirement that may otherwise apply requiring Shareholder approval for the issue of equity securities under Listing Rule 10.11 (similarly, approval will not be required under Listing Rule 7.1).

Background

From FY17, the Company has established a new long-term incentive plan involving the issue of SARs with vesting subject to a Share price increase and a three-year service condition, followed by a further holding lock period of two years (i.e. a long-term holding of five years).

A SAR is a right to an acquisition of Shares, the number of which is determined by the amount of the appreciation in the Share price over the three-year time period.

With SARs, if and as the Share price appreciates, management receives more reward and Shareholders benefit from an increased Share price. If the Share price does not increase, management receives no value.

The Board considers that the LTI (SAR) Plan provides a number of benefits for Shareholders:

- The SAR structure recognises the long-term impact of decisions and the nature of the Company's strategic assets by ensuring that there is a long-term alignment between management and Shareholders. Awards only vest on completion of a three-year service period and Vested Shares are then subject to a further two-year trading restriction. Thus, even if an executive leaves the Company after satisfying the three-year service condition, he or she will be required to still hold Shares for a further two years.
- SARs have an implicit share price hurdle that directly aligns the rewards received by management with the experience of Shareholders. Executives receive no reward if there is no appreciation in the Share price and benefit, along with Shareholders, if they deliver on the Board's strategy and materially increase the price at which Shares trade.
- The Company has experienced significant change with the acquisition and development of its strategic assets and this is likely to continue into the immediate future. In view of this, it is particularly challenging to determine appropriate LTI hurdles over a three-year period that both incentivise key management personnel and are also fair to Shareholders.
- The SAR structure does not require the exercise of any discretion by the Board in setting performance hurdles. Rather, these are provided by the market for Shares on the ASX. This provides clarity to executives and Shareholders on the outcomes management is expected to achieve in order to generate a reward under the LTI (SAR) Plan.

- The benefit received by a participant in the LTI (SAR) Plan is based on the price at which Shares trade on ASX at the commencement and end of a three-year calculation period. As the base for calculating Share price appreciation in subsequent years is determined by reference to dates that align with the closing price for prior years, there is little incentive for executives to pursue a short-term advantage by seeking to influence the trading price to achieve a greater benefit. The application of a two-year trading restriction post vesting and use of a 30-day trading period to determine the Share price also ameliorate these risks.

The Board considers that the impact of the COVID-19 pandemic did not detract from the principles outlined above in setting the FY21 Award. The Board also took into consideration the appropriateness of the initial price of \$2.76 and the higher valuation than last year which resulted in a lower number of SARs being issued to each participant.

FY21 Awards under the LTI (SAR) Plan

The LTI (SAR) Plan is directed at providing participants an opportunity to share in the growth and sustained value of Qube over the long term. It involves the provision of an Award of SARs to participants. An Award entitles a participant to receive Shares at no cost subject to fully satisfying the performance and service conditions of the Award.

The number of SARs granted under an Award is determined by dividing the dollar amount of a participant's LTI opportunity by the value of each SAR. For the FY21 Awards, the value of each SAR has been independently determined to be 44 cents. This determination was based on an independent valuation reflecting the terms of the LTI (SAR) Plan rules. The valuation took into account the market price of Qube Shares at an initial price determined under the plan rules of \$2.76 per Share, being the VWAP of Shares calculated over the 15 trading days before and including the date of release of the Qube Group's Financial Report for FY20 on 25 August 2020, and the 15 trading days after this date (**Initial Calculation Date**).

Several valuation methodologies were applied by the valuer, including the Black-Scholes-Merton model and the Monte Carlo simulation model, and the resulting valuation of the SARs was determined to be the same under the different methodologies. The key inputs used to derive the valuation included the initial price of \$2.76 per Share, the three-year term of the SARs, the risk-free interest rate, Qube's expected dividend yield over the term, the expected volatility range of the Qube Share price over the term, and the appropriate marketability discount to reflect the mandatory two-year holding period of vested SARs.

Mr. James' FY21 LTI Award

For FY21, the LTI opportunity for Mr. James is set at \$1,556,917 (which is the same amount as set for FY20). As soon as practicable after the passage of this Resolution and in any event within 12 months of the meeting and subject to Shareholder approval, Mr. James will be granted 3,538,448 SARs under the Award for a nil acquisition price. This is the maximum number of SARs that will be issued to Mr James.

Conversion of vested Awards to Shares

Based on the value of each SAR of 44 cents and the conversion formula below, for an executive to receive the full value of their LTI opportunity, the share price would have to increase by 44 cents over a three-year period. This equates to a total return of 15.9% on the initial price of \$2.76 per Share excluding dividends over the three-year period. The Board considers this to

be an effective incentive for executives and fair to executives and Shareholders.

If the face value of \$2.76 were used as the value of each SAR, for an executive to receive the full value of their LTI opportunity, the Share price would have to double over the three-year period. The Board does not consider this to be an effective incentive to executives and is unfair to executives and Shareholders.

For the purpose of Listing Rule 10.15.3, the number of Shares Mr. James will receive if SARs vest is calculated by reference to the appreciation in the market price for Shares on the ASX determined by reference to the difference in Share price based on the same 30-day VWAP period applied in relation to the Initial Calculation Date and the date of release of the Qube Group's Financial Report approximately three years after the date of grant of the Award (**Vesting Date**). On the vesting date all vested SARs convert automatically to the number of Shares determined in accordance with the following formula:

$$S = [\text{SAR} \times (\text{VP} - \text{IP})] / \text{VP}$$

Where:

- S is the number of Shares that a participant will receive on vesting of an Award;
- SAR is the number of SARs the subject of an Award;
- VP is the Vesting Price being the VWAP of Shares as at the Vesting Date; and
- IP is the initial price being \$2.76 equal to the VWAP of Shares at the Initial Calculation Date.

There is no maximum number of Shares that Mr. James may acquire (subject to satisfying all service conditions) on vesting of an Award under the LTI (SAR) Plan. The conversion of vested Awards to Shares will be satisfied by the issue of new Shares to Mr. James or delivery of Shares purchased on-market for that purpose or a combination of issue and purchase, at the Board's discretion.

Awards lapse if the 30-day VWAP of Shares at the Vesting Date is below the 30-day VWAP at the Initial Calculation Date.

The conversion of vested Awards to Shares will be satisfied by the issue of new Shares to Mr. James or delivery of Shares purchased on-market for that purpose or a combination of issue and purchase, at the Board's discretion.

The FY21 Award to Mr. James will be granted on or about 16 October 2020, will vest on or about 24 August 2023 and Vested Shares will be issued or transferred by 25 September 2023.

Dividends will not be paid on the Awards. Vested Shares will rank equally with all other Shares for dividends from the date of issue or transfer to the participant.

Trading Restrictions

The Shares Mr. James receives on vesting of SARs may not be traded or disposed of for the restriction period set on grant of the Award (**Restriction Period**). In the case of Mr. James, the Restriction Period is the period of two years after the Vesting Date. Qube will establish a holding lock over Vested Shares for the Restriction Period.

Trading in Vested Shares received under the LTI (SAR) Plan is subject to the Company's Securities Dealing Policy, including trading blackout periods.

Termination of employment

All unvested Awards held by a participant are forfeited if the participant resigns. In other circumstances, such as redundancy, retirement or death, the participant retains a proportion of the unvested Awards pro-rata to the date of termination. However, the Board maintains a discretion to allow a higher than pro rata proportion or all of the unvested Awards to be retained. It may, but is not obliged to, allow some or all of a participant's unvested Awards to vest or treat unvested Awards as being held by the participant and subject to the existing vesting conditions as if the participant had not ceased to be employed by a Qube Group Member.

Early vesting of Awards

The early vesting of Awards may be permitted by the Board in other limited circumstances such as a change of control of the Company. On a change of control, the Board may, in its absolute discretion, determine how unvested Awards are treated. This may include determining that some or all unvested Awards immediately vest.

Other terms

No amount is payable by Mr. James upon the grant of this Award or to acquire Vested Shares upon vesting of SARs.

Subject to the Listing Rules, the initial price (for conversion of Awards to Shares), the number of SARs awarded and the number of Shares to be delivered on vesting of Awards, may be adjusted in accordance with standard market practices if Qube undertakes certain corporate actions, including the payment of a special dividend, a reconstruction of capital, a bonus issue or a rights issue of Shares at a discount to the market price.

Shareholder approval

Under Listing Rule 10.14, the Company must not permit Directors or their Associates under an employee incentive scheme such as the LTI (SAR) Plan to acquire securities without Shareholder approval, unless an exception applies. Other than Mr. James, no Director (or their Associate) is currently entitled to participate in the LTI (SAR) Plan.

Details of any Vested Shares issued under the LTI (SAR) Plan will be published in each annual report of the Company relating to a period in which Vested Shares have been issued and that approval for the issue of those Shares was obtained under Listing Rule 10.14. Any additional Directors or their Associates who become entitled to participate in the FY21 Award under the LTI (SAR) Plan after passage of this Resolution (if passed) and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

Other information required by Listing Rule 10.15

The following sections contain information required by Listing Rule 10.15 (to the extent such information has not been provided above):

- Shareholder approval is being sought for the acquisition by Mr James for the acquisition of SARs pursuant to the FY21 grant under the LTI (SAR) Plan and for Shares to be issued on any vesting of those SARs.
- Shareholder approval is required to issue the SARS to Mr James for the purposes of Listing Rule 10.14 as Mr James is the Managing Director of the Company and, accordingly, falls into the category of people contemplated under Listing Rule 10.14.1.

- Mr James' current fixed salary for FY21 is \$1,334,500 (this amount remains unchanged from FY20). Mr James' FY20 Award under the STI Plan was \$1,173,000, payment of half of which was deferred for one year in accordance with the terms of the STI Plan.
- Under the LTI (SAR) Plan, Mr James has been granted, for a nil acquisition price:
 - an FY20 Award of 4,207,884 SARs, as approved at the 2019 AGM.
 - an FY19 Award of 4,248,300 SARs, as approved at the 2018 AGM.
 - an FY18 Award 3,486,977 SARs, as approved at the 2017 AGM.
 - an FY17 Award of 3,418,605 SARs, as approved at the 2016 AGM.

The number of SARs noted above has been increased by 346,680 following adjustments for entitlement issues undertaken at a discount, such that a total of 15,705,446 SARs have been awarded to Mr James (not including the proposed FY21 Award).

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

Voting exclusions

The Company will disregard any votes cast in favour of this Resolution:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) or any of his Associates; or
- by any member of the KMP or any of their Associates as proxy,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel);
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 Approval of the issue of securities under the Qube Long Term Incentive (SAR) Plan

Background

Listing Rule 7.1 restricts the number of equity securities (which include SARs) that a listed company may issue in any 12-month period, without the approval of Shareholders, to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions.

However, under Listing Rule 7.2 (Exception 13), an issue of securities under an employee incentive scheme will not be included for the purposes of Listing Rule 7.1 if, within the three years prior to the issue, Shareholders at a general meeting approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

Thus, the approval by Shareholders of this Resolution will provide the Company with flexibility to raise further funds at any time during the next three years by issuing up to the full 15% of its issued share capital.

If Shareholders approve this Resolution, any issue of SARs under the LTI (SAR) Plan within the three-year period from the date of the AGM (including the FY21 Award) will be treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.2. Consequently, the issue of such SARs will be excluded from the calculation of the maximum number of new equity securities that can be issued by the Company without Shareholder approval for the purposes of Listing Rule 7.1. Any such Award of SARs would still be subject to any requirement to seek separate Shareholder approval under Listing Rule 10.14.

LTI (SAR) Plan

The following sets out the specific information required by Listing Rule 7.2:

- The LTI (SAR) Plan terms including a description of the SARs, the service conditions, how Awards convert to Shares, and how termination of employment and early vesting are treated under the Plan, are set out above under the heading for Resolution 4 (Approval of FY21 award of SARs under the Qube Long Term Incentive (SAR) Plan to Maurice James).
- The FY20 Award under the LTI (SAR) Plan was put to Shareholders for approval under Listing Rule 7.2 (Exception 9 under a previous version of this Listing Rule; now Exception 13) at the AGM on 21 November 2019 and, since that approval:
 - 19,885,960 SARs have been issued to eligible participants (including those issued to Mr. James) as part of the FY20 Award under the LTI (SAR) Plan; and
 - 1,480,991 Shares have been issued to eligible participants upon vesting of the FY18 Award under the LTI (SAR) Plan.
- The maximum aggregate number of SARs proposed to be issued under the LTI (SAR) Plan before Shareholder approval is sought again is 17,500,000 (including the number of SARs proposed to be issued to Mr James under Resolution 4).

This maximum number of SARs which may be issued under the LTI (SAR) Plan over the next three years (from the date of the Notice) is not intended to be a prediction of the actual number of SARs to be issued under the plan; rather it is intended to be a ceiling on the number of SARs approved to be issued under the plan and for the purposes of exception 13(b) of Listing Rule 7.2. If and when that number is reached, any additional issues of SARs under the plan would not have the benefit of Exception 13 without further Shareholder approval.

In total, 40,742,592 SARs have been issued to participants (including those issued to Mr. James) pursuant to the FY19 and FY20 Awards under the LTI (SAR) Plan. However, the number of Shares that would be issued upon vesting of all such SARs cannot now be determined as the calculation is dependent on the Share prices at their respective Vesting Dates.

Unless an exemption to the Corporations Act applies, offers under the LTI (SAR) Plan are made in reliance upon ASIC's Class Order CO14/1000 for employee incentive schemes.

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

Voting exclusions

The Company will disregard any votes cast in favour of this Resolution:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) or any of his Associates; or
- by any member of the KMP (or any of their Associates) entitled to participate in the Qube Long Term Incentive (SAR) Plan,

however, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides (even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel);
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 Amendments to Constitution

Background

Since the Constitution was adopted in 2011, there have been a number of developments in law and the Listing Rules, corporate governance principles, and general corporate and commercial practice for ASX-listed entities. The Board recommends that the Constitution be amended to take these developments into account.

A copy of the existing Constitution is available in the Corporate Governance section of Qube's website at: www.qube.com.au/about/corporate-governance/. A marked-up version of the proposed amended Constitution is available at www.qube.com.au/annual-meetings/ and at www.investorvote.com.au.

For this Resolution to be passed as a Special Resolution, at least 75% of the votes cast by Shareholders entitled to vote must be in favour of the Resolution, in accordance with the Corporations Act.

This Resolution does not encompass the proposed insertion of proportional takeover provisions into the Constitution, which is the subject of Resolution 7 and requires separate approval independent of the outcome of this Resolution. In other words, if this Resolution 6 were to be passed, these amendments to the Constitution would take effect irrespective of the outcome of Resolution 7.

Summary of proposed changes

Several of the proposed changes are administrative or relatively minor in nature. The principal differences are outlined below.

General meetings – virtual and hybrid meetings

The current Constitution contemplates general meetings being held at a physical location. There is only limited detail about how 'hybrid' meetings (where some attendees meet in person and others can participate online using technology) should be run, and 'virtual' meetings (conducted wholly online, like the 2020 AGM) are not contemplated at all. The 2020 AGM is being conducted as a virtual meeting in reliance on a temporary amendment to the Corporations Act granted by the Commonwealth Treasurer in response to COVID-19.

If this Resolution is approved, the amended Constitution will provide greater flexibility and clarity around how the Company may conduct 'hybrid' and 'virtual' meetings in the future, particularly if the Corporations Act is amended to be more facilitative of such meetings.

More specifically, the amended Constitution will confirm the ability of Directors to approve technologies to be used at a general meeting. The Corporations Act and the existing Constitution require that members as a whole be given a reasonable opportunity to participate in a general meeting, and the proposed amendments in relation to the use of technology do not change this requirement.

Consequential provisions are also included to provide clarity around procedural matters including to ensure that 'online' attendees are treated as being present at the meeting and are counted for a quorum, and to confirm that the Directors may prescribe the detailed procedures by which meetings held with technological assistance may be conducted.

While the Company is conducting its 2020 AGM online due to the meeting and movement restrictions associated with COVID-19, the Board has made no determination regarding the method(s) by which general meetings will be held in the future. However, the Board considers the proposed amendments are in the best interests of Shareholders because they provide the flexibility and clarity described above.

General meetings – other

The updated Constitution also includes minor amendments regarding:

- the timing for calling polls at general meetings;
- amendments enabling the results of polls at general meetings to be announced to ASX rather than in newspapers;
- amendments for additional clarity regarding adjournments and postponements of general meetings; and
- amendments clarifying the ability of the Chairperson of a general meeting to vacate the chair temporarily (to allow another director to act in their stead if, for example, the Chairperson's virtual connection to the meeting is interrupted or they have a personal interest in a particular item of business).

Board and Board committees

The current Constitution requires that for the Board to pass a resolution in writing, all Directors need to sign the resolution, other than Directors who would be excluded from voting on a resolution were it to be considered at a Board meeting. The updated Constitution provides greater flexibility. It enables the Board to pass resolutions in writing where the proposed resolution is signed by at least 75% of the Directors (excluding Directors on a leave of absence approved by the other Directors, Directors who disqualify themselves from considering the proposed resolution or Directors who would be prohibited by the Corporations Act from voting on the proposed resolution), provided that the number of Directors who sign would still constitute a quorum were the matter to be considered at a Board meeting.

In addition, the updated Constitution includes various revisions relating to the administration of Board meetings, including the methods by which meetings may be called and electronic systems for recording Board resolutions, and updates in relation to the appointment of the chairs of Board committees.

Miscellaneous updates

The Company's current Constitution prohibits the Company from charging a fee on the transfer of any Shares. The updated Constitution amends this position so that the Company may charge reasonable fees for the registration of transfers where permitted to do so by the Listing Rules. For instance, the Company's share registry charges the Company a fee for registering paper-based transfers. This amendment would permit (but not require) the Company to pass these fees onto the Shareholder.

The updated Constitution also includes amended language regarding ASX restricted securities to align with amendments to the Listing Rules since the Constitution was adopted in 2011.

Gender neutral terminology has replaced previous terminology used throughout the Constitution. These changes, which are numerous, have not been marked up in the revised draft.

Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of this Resolution

Resolution 7 Reinsertion of Proportional Takeover Provisions

Proportional takeover provisions

The Corporations Act permits the Constitution to contain proportional takeover provisions, providing that if offers are made under a proportional takeover bid, the registration of a transfer based on the acceptance of an offer made under that bid is prohibited, unless and until a resolution to approve the bid is passed in accordance with the Constitution.

The Company is seeking Shareholder approval, by Special Resolution, to reinsert such proportional takeover provisions into its Constitution, following their previous lapsing 2019 in accordance with the Corporations Act.

The wording of the proposed provisions is unchanged from the wording approved by Shareholders in previous years. It is set out as reinstated Part 14 in the marked-up draft of the Constitution available on Qube's website at: www.qube.com.au/annual-meetings/ and at www.investorvote.com.au.

For this Resolution to be passed as a Special Resolution, at least 75% of the votes cast by Shareholders entitled to vote must be in favour of the Resolution, in accordance with the Corporations Act.

As noted above, this is a stand-alone resolution not dependent on the passing of Resolution 6. If this Resolution 7 were to be passed, Part 14 would be inserted into the Constitution irrespective of the outcome of Resolution 6.

What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all Shareholders but only in respect of a specified portion of each Shareholder's Shares. Accordingly, if a Shareholder accepts in full an offer under a proportional takeover bid, they will dispose of the specified portion of their Shares and retain the balance of their Shares. By accumulating the specified portions of Shareholders' Shares, the bidder may be able to assume effective control of the Company.

Effect of the proposed reinsertion of the proportional takeover provisions

Under the proposed Part 14 of the Constitution, if a proportional takeover offer is made to Shareholders, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. In accordance with the Corporations Act, to be effective such an approving resolution in relation to the proportional takeover bid must be passed before the approving resolution deadline. The deadline is the 14th day before the last day of the bid period under that proportional takeover bid, or such or such later date as is approved by ASIC (**Deadline Date**).

Each Shareholder, as at the end of the day on which the first offer under the bid was made, has one vote for each Share held. The resolution will be taken to have been passed if a simple majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, are voted in favour of the resolution. If no resolution is voted on by the Deadline Date, the resolution will be deemed to have been passed. If the proportional takeover resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer will be taken to have been withdrawn.

Where the resolution approving the offer is passed or deemed

to be passed, transfers of Shares resulting from accepting the offer will, subject to the terms of the offer, be registered provided they otherwise comply with the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the Constitution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed by a Special Resolution of Shareholders at a General meeting. If renewed, the proportional takeover provisions will be in the same terms as the proposed Part 14 and will have effect for a further three-year period.

Reasons for proposing the resolution

The Directors consider that Shareholders should have the opportunity to reinsert the proportional takeover provisions as Part 14 of the Constitution. Without it, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate, or any, control premium for all their Shares while leaving themselves as part of a minority interest in the Company. Furthermore, if Shareholders considered that control of the Company was likely to pass they might, in the absence of the proportional takeover provisions, come under pressure to accept the offer even if they did not want control of the Company to pass to the bidder.

Proportional takeover provisions reduce these concerns by permitting Shareholders to vote to decide whether a proportional takeover bid should be permitted to proceed. Shareholders would be able to decide collectively and in a fully informed way whether any proportional offer is acceptable in principle and this requirement may also ensure that any such proportional offer is appropriately priced.

No knowledge of present acquisitions proposals

As at the date of preparation of this Explanatory Memorandum, none of the Directors is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages for the Directors and Shareholders

Directors

The reinsertion of the proportional takeover provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without this provision, the Directors would be dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them as they would remain free to make a recommendation on whether a proportional takeover offer should be accepted or rejected.

Shareholders

The Directors consider that reinserting the proportional takeover provisions will benefit all Shareholders in that:

- Shareholders will have an opportunity to consider a proportional takeover bid and then attend or be represented at a meeting of Shareholders called specifically to vote on the proposal;
- Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the bid;
- knowing the view of Shareholders may assist each individual Shareholder in assessing the likely outcome of a proportional takeover bid and whether to accept or reject that bid;
- it may help Shareholders avoid being locked in as a minority with one majority Shareholder; and
- increasing the bargaining power of Shareholders may ensure that any partial takeover bid is adequately priced.

However, the Directors also note that reinserting the proportional takeover provisions may have the following disadvantages to Shareholders:

- the provisions make a proportional takeover bid more difficult and may therefore discourage them;
- the prospect of a proportional takeover bid being successful may be reduced;
- the opportunities which Shareholders may have to sell some of their Shares at a premium to persons seeking control of the Company may be reduced;
- to the extent there is any speculative element in the market price of Shares arising from the possibility of a proportional takeover bid being made, the reinsertion of the proportional takeover provisions may reduce it; and
- it may be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

The Directors consider that there are no other advantages and disadvantages for Directors and Shareholders which arose in the period during which the proportional takeover provisions were in effect (2013-2019), other than as discussed in this section. On balance, the Directors consider the possible advantages outweigh the possible disadvantages such that reinserting the proportional takeover provisions as Part 14 of the Constitution is in the interests of Shareholders.

Application

Qube currently has two classes of ASX-listed issued securities, namely Shares and subordinated notes that were issued on 5 October 2016 and trade under ASX code QUBHA (Qube also has unlisted options and SARs on issue under current and former incentive plans). If approved, the proportional takeover provisions would also apply to any classes of securities the subject of a proportional takeover bid (i.e. not just Shares), allowing proportional takeovers for such other classes to be subject to approval by holders of those classes of securities in a similar fashion.

Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

Glossary

AGM means an annual general meeting of the Company.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in Chapter 19 of the Listing Rules.

ASX means ASX Limited or the market that it operates (as the context requires).

Auditor means PwC Australia.

Auditor's Report means the report by the Auditor on the Company's Financial Report required to be provided to Shareholders under section 308 of the Corporations Act.

Award means an award under the LTI (SAR) Plan or the STI Plan, as the context requires.

Board means the board of Directors.

Chairman means the chairman of the meeting.

Closely Related Party means a closely related party of a person and includes (among others), a spouse, child or dependent of such person and a company controlled by such person.

Company means Qube Holdings Limited (ABN 14 149 723 053).

Constitution means the constitution of the Company.

Controlled Entities means an entity that is subject to control of the Company in terms of section 50AA of the Corporations Act.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a Director of the Company.

Directors' Report means the report required to be prepared by the Directors under section 298 of the Corporations Act.

Explanatory Memorandum means this explanatory memorandum to the Notice.

Financial Report means the annual financial report required prepared to be prepared by the Company under Chapter 2M of the Corporations Act.

FY means the Company's financial year ending 30 June.

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Qube Group, whether directly or indirectly. The Remuneration Report identifies such persons.

Listing Rules means the Listing Rules of the ASX.

LTI (SAR) Plan means the Qube Long Term Incentive (SAR) Plan which provides for the issue of SARs to executives and other eligible participants.

meeting means this annual general meeting convened by the Notice.

Notice means this notice of meeting.

Ordinary Resolution means a resolution on which more than 50% of the votes cast by Shareholders who are entitled to vote on the resolution are cast in favour of the resolution.

Qube Group means the Company and each of its Controlled Entities.

Qube Group Member means a member of the Qube Group.

Registry means Computershare Investor Services Pty Limited.

Remuneration Report means the remuneration report of the Company set out in, and which forms part of, the Directors' Report.

Resolution means a resolution to be considered at the meeting as set out in the Notice.

Rule means a rule of the Constitution.

SARs means share appreciation rights awarded under the LTI (SAR) Plan.

Share means an ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Special Resolution means a resolution on which at least 75% of the votes cast by Shareholders who are entitled to vote on the resolution are cast in favour of the resolution.

STI Plan means the Qube Short Term Incentive Plan.

Vesting Date means the date on which an Award vests in accordance with the rules of the LTI (SAR) Plan.

Vested Shares means Shares delivered under the LTI (SAR) Plan upon conversion of vested SARs.

VWAP means the volume weighted average price of trades in Shares undertaken on ASX, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period of ASX, permitted post-trading hours period of ASX, out-of-hours trading and exchange traded option exercises.

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Qube Holdings Limited ABN 14 149 723 053