

QUBE



Annual Report 2021



Table of Contents

Chairman's Message	2
Managing Director's Report	3
Directors' Report	4
• Information on Directors and Senior Management	7
• Review of Operations	14
• Remuneration Report	25
Auditor's Independence Declaration	60
Financial Report	61
Independent Auditor's Report to the Members	142
Shareholder Information	150
Corporate Directory	152

Chairman's Message

As Chairman of Qube I'm pleased to say that the company weathered the extraordinary challenges of COVID 19 safely, strongly and successfully.

I believe the company's management, employees and contractors responded brilliantly to the challenges to deliver an outstanding result for the financial year 2021.

Qube responded to the global crisis with the health and safety of its people, customers and communities as the number one priority throughout the pandemic.

And the pandemic added more proof, if any more was needed, that the company's diversified logistics strategy will underpin long term earnings growth.

As a result, the company delivered record underlying earnings with NPATA up more than 31% to \$159.6 million.

The Board was able to increase dividends by more than 15% to 6 cents per share fully franked.

Health and Safety

Qube continued its strong focus on safety and zero harm with a particular emphasis in FY21 on increasing reporting, corrective action closures, incident closure rates and leadership inspections. The result was an improvement in lost time injuries, however further focus needs to be placed on reducing the number of total injuries.

In FY21, Qube improved its sustainability performance, including achieving the following outcomes:

- Consistent with the goal of Zero Harm, Qube's zero fatality objective was achieved in FY21 and, a further reduction in the lost time injury frequency rate (LTIFR) from 0.9 to 0.8 per million hours worked.
- Net emissions were steady compared to FY20 while underlying revenue increased, resulting in Qube's carbon intensity (tCO2 per \$M) further decreasing by around 8.6%.
- Implemented a Modern Slavery governance framework and action plan including developing a Supplier Code of Conduct and questionnaire, complemented by an internal Modern Slavery training package for managers, supervisors and procurement teams.

Operating Division

The Operating Division reported underlying revenue growth of around 12.5% to \$2.0 billion and underlying earnings growth (EBITA) of 29.5% to around \$212.0 million.

Qube remained highly diversified by customer, product, service and geography. In FY21, the top 10 customers across the division represented approximately 19% of the Operating Division's total revenue and included mining companies, energy companies, shipping lines, retailers and manufacturers. No single customer represented more than 2.5% of the total divisional revenue.

The majority of the earnings growth in the Operating Division was attributable to Logistics activities which benefited from a much larger contribution from grain related activities comprising bulk and containerised haulage, grain storage and loading (benefitting from the Quattro acquisition in the prior year as well as a stronger grain harvest generally) and container volumes across Australia including new contract wins.

General stevedoring activities across a majority of Qube's Australian (predominantly east coast) port operations were strong with higher bulk and break-bulk (mainly steel imports and grain exports) than the previous year. The rebound of motor vehicles imports trending back to pre COVID-19 levels in the second half of the year assisted the improvement in the general stevedoring operation compared to the prior year.

Patrick Terminals

Patrick again delivered a strong contribution to the Qube full year result. Patrick continued to generate strong cash flow in the period, with total distributions to Qube in the period of \$120 million compared to \$20 million in FY20.

The underlying contribution from Qube's 50% interest in Patrick was \$41.3 million NPAT and \$50.8 million NPATA, an increase of 58.8% and 47.2%, respectively, over the prior corresponding period. This contribution is inclusive of Qube's share of interest income (\$14.9 million post-tax) on the shareholder loans provided to Patrick.

The FY21 results benefited from high market growth (lifts) of around 8.8% with Patrick's volumes (lifts) increasing by around 3.3%. During the period, Patrick secured several new services and also extended a number of its existing contracts.

Moorebank Logistics Park (MLP) Monetisation Process

Through FY21, Qube continued to progress the monetisation process with the LOGOS consortium. On 25 February 2021, Qube entered into a non-binding commercial term sheet with LOGOS for the sale of 100% of Qube's interest in the warehousing and property components of the MLP project.

In July 2021 the company announced binding terms for the sale had been agreed and completion is expected in the fourth quarter of calendar 2021, subject to regulatory (FIRB) and Commonwealth approvals including resolution of all outstanding matters with the Moorebank Intermodal Company.

On completion, LOGOS will acquire 100% of Qube's freehold land in MLP, 100% of Warehouse Trust (leasehold interest in MLP warehouses) and Qube's 34% interest in Land Trust (leasehold interest in MLP land). Qube will retain ownership of the intermodal rail terminals.

The transaction is expected to deliver Qube total consideration of around \$1.67 billion before tax, transaction costs and other adjustments. Approximately \$1.36 billion is payable on financial close and around \$312 million is deferred, subject to a number of completion adjustments. These include for: working capital and for warehouse and precinct infrastructure capex spent compared to the forecast capex to 30 June 2021 and such further capex spent until financial close.

Summary and Outlook

Post completion of the Moorebank monetisation process, Qube will be in an even stronger financial and operating position to generate meaningful cash flow and earnings growth.

Qube will emerge with a more predictable earnings profile from its attractive, highly diversified logistics operations.

In FY22, overall growth is expected in underlying revenue and earnings reflecting a full period contribution from the FY21 acquisitions, growth capex and new contracts, partial period contribution from the FY22 growth capex, an initial contribution from the BlueScope contract from the second half of FY22 and organic growth across certain markets.

Finally, on behalf of the Board, I would like to thank all employees for the part they have played in Qube's performance in FY21 and, in particular, to pay tribute to our former managing director Maurice James who stood down as Managing Director on 1 July 2021. Clearly Maurice's success steering the business since its inception has been Qube's success over the last decade and in turn our shareholders' success.



Allan Davies

Managing Director's Report

As incoming Managing Director, I must thank at the outset my predecessor Maurice James for his extraordinary contribution to Qube. The strong financial and operational result for FY21 is a fitting tribute to his final year of leadership. He leaves the company in great shape and I can only hope to emulate his success.

Qube is now Australia's largest integrated logistics company with a diverse suite of infrastructure and operating assets envied by our competitors. My job is to ensure we continue our steady growth and continue to deliver sustainable returns for shareholders.

Based on our performance in FY21 I'm confident we can continue to succeed.

The company produced a very good financial performance in FY21 with record underlying earnings growth (NPATA).

This result reconfirms Qube's robust diversified logistics strategy as the driver of earnings growth even during a pandemic.

The second half of FY21 was particularly strong as the economy recovered from the effects of COVID-19.

Safety and COVID-19

Management's response to the pandemic was crucial in protecting our employees and the company from the effects of COVID-19.

We quickly adapted and introduced measures to stop the spread of the virus while positioning the business for the subsequent economic impacts. Our response with strong leadership, transparent governance controls and clear communications continues to evolve as the challenges of COVID-19 continue into FY22.

Despite these challenges, we delivered:

- A strong safety and leadership culture and engaged workforce
- Effective crisis management and governance controls
- Health and wellbeing initiatives including onboarding of a new Employee Assistance Program (EAP) provider to provide employees and their immediate family members with access to enhanced assistance programs with qualified psychologists, social workers as well as personal and professional coaching and counselling services.

Operating Division

The majority of the earnings growth in the Operating Division was attributable to logistics activities which benefited from grain related volumes comprising bulk and containerised haulage, grain storage and loading (aided by the Quattro acquisition in the prior year as well as a stronger grain harvest generally) and rebounding container volumes and new contract wins.

The strongest areas of growth in Logistics were New South Wales (grain and container volumes) and Queensland (Brisbane container activities).

Victoria was the weakest region in Logistics due to the impact of multiple and ongoing lockdowns and temporary closure of some of Qube's manufacturing customer operations in the first half of the year.

Western Australia and South Australian Logistics operations provided another solid performance across all of their capital and regional operations.

The rail activities continued to achieve revenue growth during the period with additional growth through Logistics' grain, nickel and cement customers that complemented its other activities within the Operating Division.

The acquisition of two Agrigrain properties in regional New South Wales (Coonamble and Narromine sites) with storage and

handling equipment assets further expanded Qube's capabilities in grain storage and handling during the period.

The AAT vehicle handling port facilities made a very pleasing contribution due to higher machinery and project cargo volumes throughout the entire year with motor vehicle volumes trending back to pre COVID-19 levels in the second half of FY21.

New Zealand forestry activities experienced high volumes and revenue, however, earnings were slightly impacted by additional training, travel and subcontractor costs due to labour shortages in some regions due to COVID-19 impacts.

Qube's energy activities generated a higher contribution due to increased activities for Shell and solid activity across all Qube's supply base operations in Australia. This result offset COVID-19 related delays to Australian renewable energy projects.

East coast general stevedoring activities were strong with higher bulk and break-bulk volumes (mainly steel imports and grain exports) than the previous year with car volumes rebounding in the second half of the year.

The bulk export activities (predominantly Western Australia) continued to generate attractive returns for Qube, benefiting from the breadth of activities and quality customer base. Qube continued to be highly diversified by product type with higher contributions from bulk logistics and export port loading activities relating to iron ore, lithium and other base metals including nickel and copper, more than offsetting a reduction of some products including coal, lime and bulk scrap exports.

Moorebank Logistics Park

Significant progress was made through FY21 on the development of the Moorebank Logistics Park.

Woolworths Group commenced construction of two new state of the art distribution centres at Moorebank - creating 2,000 new jobs - including 1,350 jobs during construction.

This is Woolworths' largest single investment, in the form of two new cutting edge, innovative, automated distribution centres - including one to service their stores nationally.

The monetisation process came closer to completion with LOGOS entering into binding agreements in July 21.

Patrick Terminals

Patrick again delivered a strong contribution to the Qube full year result with increased distributions and a high overall market share.

During the period, Patrick secured several new services and also extended a number of its existing contracts.

Although it declined from FY20 levels, Patrick continued to maintain a high overall market share of around 44% across its four terminals.

Two Liebherr cranes were successfully commissioned in Port Botany and Fisherman Island.

Phase 1 of the Port Botany Rail Development was completed in December 2020 on time and on budget. Following a period of commissioning and testing the automated rail terminal commenced operations at the end of June with all trains now being serviced by the automated rail terminal and the manual operations ceasing. Phase 2 civil construction works have now commenced.

Finally, I would like to thank all our employees and contractors for their contribution to our success in FY21.



Paul Digney

Directors' Report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited and the entities it controlled ('Group' or 'Qube') at the end of, or during, the year ended 30 June 2021.

Directors

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

Name	Position	Appointed	Retired
Allan Davies	Chairman	26 August 2011	
Sam Kaplan	Deputy Chairman	23 March 2011	
Paul Digney	Managing Director*	1 July 2021	
Maurice James	Managing Director*	23 March 2011	1 July 2021
Ross Burney	Non-executive Director	9 September 2011	
Peter Dexter	Non-executive Director	1 September 2011	27 November 2020
Nicole Hollows	Non-executive Director	19 October 2020	
Stephen Mann	Non-executive Director	1 September 2019	
Jackie McArthur	Non-executive Director	17 August 2020	
Alan Miles	Non-executive Director	1 April 2013	
Sue Palmer	Non-executive Director	1 September 2017	27 November 2020
Åge Holm	Alternate Director to Peter Dexter	7 November 2011	27 November 2020

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

Principal Activities

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

In addition, the Group is involved in the management, development and operation of strategic properties with future development potential into logistics facilities.

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

	Cents per share	Total \$M	Franked percentage	Payment date
Paid during the 2021 financial year				
2020 Final dividend	2.3	43.3	100%	21 October 2020
2021 Interim dividend	2.5	47.6	100%	8 April 2021
Paid during the 2020 financial year				
2019 Final dividend	2.9	47.1	100%	18 October 2019
2020 Interim dividend	2.9	47.1	100%	7 April 2020
Dividends declared by the Company after year end				
2021 Final dividend	3.5	66.7	100%	22 October 2021

Loans to directors and executives

There are no loans made during the year or outstanding to directors and executives as at 30 June 2021.

Information on directors and senior management

Information on directors and senior management including meetings of directors is set out on pages 7 to 13 and forms part of this Directors' Report.

Review of Operations

The Review of Operations on pages 14 to 24 forms part of this Directors' Report.

Auditor

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

Auditor's independence declaration

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

Non-audit services

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

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

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

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

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

	2021	2020
	\$'000	\$'000
Taxation services		
PwC Australian firm:		
Tax compliance services	63.8	64.7
Tax advisory services	29.6	230.1
Total remuneration for taxation services	<u>93.4</u>	<u>294.8</u>
Other services		
Due diligence services	-	41.7
Other services	301.1	328.7
Total remuneration for non-audit services	<u>394.5</u>	<u>665.2</u>

Remuneration Report

The Remuneration Report is set out on pages 25 to 59 and forms part of the Directors' Report for the financial year ended 30 June 2021.

Insurance of officers

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

Indemnity of auditors

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

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Matters subsequent to the end of the period

On 5 July 2021, Qube announced that it had exchanged binding contracts for the sale of the warehousing components of MLP with the LOGOS Property Group (LOGOS). This sale is expected to be completed in the final quarter of calendar 2021 subject to satisfaction of several conditions including FIRB approval, MIC approvals to the change in ownership, resolution of a number of material issues with MIC and other conditions.

The financial statements have been prepared on the basis that this transaction will complete within the FY22 financial year and the assets and liabilities being sold have been disclosed as held for sale assets and liabilities and the income statement adjusted to reflect the discontinued operations.

Given the strategic importance of the MLP to Qube, the transaction will only proceed if those approvals and the satisfaction of those conditions are deemed by the Board to be in the best interest of Qube shareholders.

Post financial year-end, construction activities at MLP have been impacted by the COVID-19 related lockdown in Sydney which may impact the timing for delivery of certain works and the total capex spend in FY22.

At the date of this report, other than as noted with respect to MLP construction activities, the recent lockdowns across several states in Australia and in New Zealand have not had a significant impact on activity levels or operations across Qube's business. Qube will continue to monitor the changing nature of the pandemic, including COVID-19 restrictions, and will seek to mitigate the impact of any developments that could adversely impact Qube's operations.

No other matters or circumstances have arisen since 30 June 2021 that significantly affect Qube's operations, results or state of affairs, or may do so in future years.

Rounding of amounts

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

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



Allan Davies
Director

Sydney
26 August 2021

Information on Directors and Senior Management

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

Experience and expertise

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

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

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

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

Mr Davies was appointed a director of Qube on 26 August 2011 and Chairman on 23 June 2017.

Directorships of listed companies held during the last three years

Non-executive Director of King Island Scheelite Limited from 30 September 2013 to 26 February 2019

Special responsibilities for Qube

Chairman of the Board of Directors

Interim Chair of the Nomination and Remuneration Committee (appointed on 27 November 2020)

Sam Kaplan *Deputy Chairman – Non-executive Director*

Experience and expertise

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

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

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

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

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Chair of Audit and Risk Management Committee

Paul Digney *Managing Director (appointed 1 July 2021)*

Experience and expertise

Mr Digney has 30 years executive management experience in supply chain and port logistics across Australia, including as a senior executive at Patrick Corporation Limited prior to joining Qube.

Mr. Digney has been involved with Qube since its establishment in 2006. He was appointed Managing Director of Qube Logistics in 2011 before being appointed to the role of Chief Operating Officer of Qube in 2016. On 1 July 2021, Mr Digney replaced Maurice James as Managing Director of Qube.

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Managing Director (appointed 1 July 2021)

Maurice James *Managing Director (retired effective 1 July 2021)*

Experience and expertise

Mr James has over 30 years extensive experience in engineering, ports and logistics industries.

His early career was spent at the Port of Melbourne Corporation, initially as an engineer then through various roles, to Head of Commercial Operations.

Mr James was an integral part of the executive team of Patrick Corporation Limited between 1994 and 2006. His last position at Patrick was that of Executive Director Ports which included responsibility for Patrick's container terminals and port logistics businesses.

Since 2007, Mr James has had various roles in the Qube-related group of companies and on 23 March 2011, was appointed a Director of Qube. Upon corporatisation of the Company on 1 September 2011, he became Managing Director. Mr James resigned as a Director and Managing Director of Qube with effect after 30 June 2021.

Mr James is a Director on the Board of the Australian Logistics Council and also sits on the WA Freight Advisory Council and Victorian Rail Freight Working Group. In March 2017, Mr James was appointed Chair of the Industry Advisory Board of Deakin University's Centre for Supply Chain and Logistics.

He holds a Bachelor of Engineering (Civil) and a Master of Business Administration.

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Managing Director (resigned with effect after 30 June 2021)

Member of the Safety, Health and Environment Committee (resigned with effect after 30 June 2021)

Mr James continues as a Qube employee to assist on the Moorebank monetisation process and in his role as a non-executive director of Patrick Terminals. After Mr James formally retires at the end of December 2021, he will, as required, continue assisting Qube in a consulting capacity with ongoing aspects of the Moorebank project while remaining a non-executive director of Patrick Terminals.

Ross Burney *Non-executive Director*

Experience and expertise

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

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

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Member of Nomination and Remuneration Committee

Peter Dexter AM, FAICD *Non-executive Director*

Experience and expertise

Mr Dexter has over 40 years of experience in the maritime and logistics industries in Australia and internationally.

Mr Dexter is a director of the Australian National Maritime Museum Foundation.

Prior to his non-executive roles, Mr Dexter was Regional Director and a member of the global management team of Wallenius Wilhelmsen Logistics.

Mr Dexter was a director of Qube from 1 September 2011 until his retirement, the effective date of which was 27 November 2020.

Directorships of listed companies held during the last three years

Non-executive Director of Royal Wolf Holdings Limited – from April 2011 to November 2017

Special responsibilities for Qube

Member of the Safety, Health and Environment Committee (ceased effective 27 November 2020)

Chair of the Nomination and Remuneration Committee (ceased effective 27 November 2020)

Alan Miles *Non-executive Director*

Experience and expertise

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

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

Mr Miles was appointed as a director of Qube on 7 November 2011.

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Chair of the Safety, Health and Environment Committee

Member of the Audit and Risk Management Committee (resigned on 27 November 2020)

Sue Palmer *Non-executive Director*

Experience and expertise

Ms Palmer has more than 30 years of financial and commercial experience in a range of industry sectors, including construction, mining, energy, infrastructure and agriculture.

She has held senior executive roles with companies across Australia and Asia, including Incitec Pivot Limited, CS Energy, Leighton Contractors, and Thiess Pty Limited, a subsidiary of CIMIC (formerly Leighton Holdings), where she served as Chief Financial Officer.

Ms Palmer is currently Non-executive Director and Audit Committee Chair of ASX-listed Charter Hall Retail REIT.

Ms Palmer is a Chartered Accountant and Fellow of the Institute of Company Directors.

Ms Palmer was a director of Qube from 1 September 2017 until her retirement the effective date of which was 27 November 2020.

Directorships of listed companies held during the last three years

Charter Hall Retail REIT from 10 November 2015 to current

New Hope Corporation Limited from 1 November 2012 to 29 November 2019

RCR Tomlinson Limited (in Liq. – delisted 5 July 2019) from 21 August 2014 to 1 August 2019

Special responsibilities for Qube

Member of the Audit and Risk Management Committee (ceased effective 27 November 2020)

Stephen Mann *Non-executive Director*

Experience and expertise

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

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

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

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

Directorships of listed companies held during the last three years

None

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee

Member of the Audit and Risk Management Committee (appointed on 27 November 2020)

Jackie McArthur *Non-executive Director*

Experience and expertise

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, the Middle East and Africa.

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

Directorships of listed companies held during the last three years

Inghams Group Limited from 18 September 2017 to current

Tassal Operations from 27 November 2018 to current

InvoCare from 1 October 2018 to 28 May 2021

Blackmores Group from 24 April 2018 to 6 August 2019

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee (appointed on 27 November 2020)

Member of the Nomination and Remuneration Committee (appointed on 27 November 2020)

Nicole Hollows *Non-executive Director*

Experience and expertise

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.

Ms Hollows is a member of the CEO Strategy Advisory Committee to Executive Dean QUT Business School. She was the Chair of the Salvation Army Brisbane Red Shield Appeal Committee and an advisory committee member of the Salvation Army Queensland Advisory Council, finishing her term in these roles at the end of June 2021.

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 as a Director of Qube on 19 October 2020.

Directorships of listed companies held during the last three years:

Jameson Resources Limited from March 2020 to current

Downer EDI Limited from June 2018 to current

Special responsibilities for Qube

Member of the Audit and Risk Management Committee (appointed on 27 November 2020)

Åge Holm *Alternate Non-executive Director*

Experience and expertise

Mr Holm is Vice President Investments and Investor Relations at Wilh. Wilhelmsen Holding ASA, a global provider of maritime services, transportation and logistics solutions based in Norway.

Mr Holm has 30 years of experience in shipping and automotive logistics, including serving as CFO of Wallenius Wilhelmsen Logistics AS, and as Non-executive Director of Group CAT and other European-based vehicle logistics companies.

Mr Holm was an alternate director of Qube for Mr Peter Dexter from 7 November 2011 to 27 November 2020, the effective date of Mr Dexter's retirement as a director of Qube.

Directorships of listed companies held during the last three years:

None

Special responsibilities for Qube

Alternate Director to Peter Dexter (ceased effective 27 November 2020)

Interest in shares

The relevant interests of each director in the shares of the Company are disclosed in the Remuneration Report.

Meetings of Directors

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

	Board meetings		Audit and Risk Management		Nomination and Remuneration		Safety, Health and Sustainability	
	13 meetings held		11 meetings held		9 meetings held		5 meetings held	
	A	B	A	B	A	B	A	B
Allan Davies ¹	13	13		11	9	9		5
Sam Kaplan	13	13	11	11				
Maurice James ²	13	13		11		5	5	5
Ross Burney	13	13			9	9		
Peter Dexter	7	7			2	2	2	2
Alan Miles	13	13	4	4			5	5
Sue Palmer	7	7	4	4				
Stephen Mann	13	13	7	7			5	5
Jackie McArthur	12	12			7	7	3	3
Nicole Hollows	10	9	7	8				
Åge Holm (alternate)	7	0*						

A = Number of meetings held during the time the director held office (including acting as an alternate director) for Board meetings, or was a member of a committee for committee meetings, during the year

B = Number of meetings attended

¹ Chairman

² Executive Director

* Meetings attended by an alternate director as an invitee

■ Not a member of the committee during the entire year

During the year the following appointments/resignations occurred:

- Sue Palmer retired as a non-executive director and resigned as a member of the Audit and Risk Management Committee, the effective date of which was 27 November 2020.
- Peter Dexter retired as a non-executive director and resigned as Chairman of the Nomination and Remuneration Committee and as a member of the Safety, Health and Sustainability Committee, the effective date of which was 27 November 2020.
- Åge Holm ceased as an alternate non-executive director for Mr Dexter, the effective date of which was 27 November 2020.
- Jackie McArthur was appointed as a non-executive director on 17 August 2020 and appointed as a member of the Nomination and Remuneration Committee and of the Safety, Health and Sustainability Committee on 27 November 2020.
- Nicole Hollows was appointed as a non-executive director on 19 October 2020 and appointed as a member of the Audit and Risk Management Committee on 27 November 2020.
- Allan Davies was appointed as interim Chairman of the Nomination and Remuneration Committee on 27 November 2020.
- Alan Miles resigned as a member of the Audit and Risk Management Committee on 27 November 2020.
- Stephen Mann was appointed as a member of the Audit and Risk Management Committee on 27 November 2020.

In addition to the above formal meetings, strategy, briefing sessions and operating, site tours were held for directors during the year.

Key Management Personnel

Chief Financial Officer

The Chief Financial Officer is Mr Paul Lewis. He has been involved with Qube since its establishment in 2006 and is responsible for managing the commercial and financial aspects of Qube's interests. Prior to joining Qube, Mr Lewis was a senior executive at Patrick Corporation Limited where he was responsible for investments and acquisitions.

Chief Operating Officer

The Chief Operating Officer (**COO**) during the reporting period was Mr Paul Digney. Mr Digney was appointed COO in 2016 and primarily oversaw management of the businesses in Qube's Operating Division. On 1 July 2021, Mr Digney resigned as COO and became the Managing Director of Qube. It is not intended to fill the COO role.

Director Strategic Assets, General Counsel and Company Secretary

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

Director Infrastructure and Property

Greg Pauline, Director Infrastructure and Property, resigned on 10 July 2020 and the position was not filled. For the balance of the reporting period, the Director of Development, Michael Yiend, reported to the Managing Director. The Director of AAT, Antony Perkins, reported to the COO.

Review of Operations

Overview

Qube delivered a very pleasing financial performance in FY21 with strong underlying earnings growth and record underlying earnings (NPATA). This reflects high volumes across most of Qube's core markets, including containers, grain, forestry, motor vehicles and bulk, as well as higher container volumes and ancillary charges for Patrick.

The favourable dynamics of Qube's target markets and Qube's strong position within these markets enabled it to deliver the strong underlying earnings growth compared to the prior corresponding period, with the second half of FY21 particularly positive.

Significant progress was also made on the Moorebank Logistics Park (MLP) monetisation process, which is expected to deliver substantial value to shareholders, significantly reduce Qube's ongoing capex requirements and materially reduce Qube's leverage.

Post completion of the monetisation process, Qube will continue to own and operate a network of highly strategic logistics and infrastructure assets located near ports and rail facilities, which combined with Qube's scale and operating capability, creates a sustainable competitive advantage for Qube in its key markets.

These excellent outcomes supported the decision of the Board to increase Qube's final dividend by over 52% compared to the prior corresponding period to 3.5 cents per share (fully franked), resulting in a 15.4% increase in the full year dividend to 6.0 cents per share (fully franked).

	Underlying Information		Statutory Information (including discontinued operations)*	
	\$m	Change (from prior corresponding period)	\$m	Change (from prior corresponding period)
Revenue	2,032.4	7.9%	2,177.4	14.5%
EBITA	182.9	14.1%	156.6	(27.1%)
NPAT	142.5	36.8%	91.6	4.7%
NPATA	159.6	31.7%	108.7	4.0%
EPSA (cents)	8.4	16.7%	5.7	(8.1%)
DPS (cents)	6.0	15.4%	6.0	15.4%

*Note: As a result of the expected sale of the Moorebank warehousing related assets, the earnings associated with these assets were classified under discontinued operations in the FY21 financial statements. Excluding discontinued operations, FY21 revenue is \$1,962.9 million and EBITA is a loss of \$(42.0) million.

Statutory revenue (including discontinued operations) increased by 14.5% to approximately \$2.2 billion and statutory profit after tax attributable (NPAT) to shareholders increased by 4.7% to \$91.6 million. Statutory diluted earnings per share decreased by 8.1% to 5.7 cents per share due to the full period impact of the capital raising undertaken towards the end of FY20.

Underlying revenue in FY21 was approximately \$2.0 billion (+7.9%), underlying earnings (EBITA) was \$182.9 million (+14.1%) and underlying net profit after tax before amortisation (NPATA) was \$159.6 million (+31.7%). Underlying earnings per share pre-amortisation (EPSA) was 8.4 cents, an increase of around 16.7% on the prior corresponding period.

The key drivers of the earnings growth were the Operating Division and Patrick, and the result also benefited from a lower net interest expense.

Australia and New Zealand continue to be the most important markets for Qube, representing around 91% and 8% respectively of total group revenue, with other regions including South East Asia and Papua New Guinea representing the majority of the balance.

The Operating Division experienced high volumes across most parts of the business and the result also benefited from earnings from growth capex undertaken in the current and prior periods. From 1 July 2020, the contributions from Australian Amalgamated Terminals (AAT) and Quattro have been reported in the Operating Division whereas in prior years, they were reported in the Property Division.

Patrick's results benefited from high growth in market volumes and increased landside and ancillary charges, although volumes and earnings were adversely impacted by industrial action in the period which also contributed to a decline in Patrick's overall market share in the period to 44% (lifts).

The Property Division reported a lower overall result, mainly reflecting the completion of the sale of Minto Properties in mid-September 2020 and operating losses on the start-up of the IMEX Terminal, which more than offset higher warehouse rental income at MLP. As noted above, in FY20, the Property Division also included earnings from AAT and Quattro.

Qube's strong growth was achieved despite the ongoing impact of COVID-19 on Qube's operations which resulted in higher costs and operational inefficiencies due to revised operating practices and multiple lockdowns (some at very short notice), and which also resulted in labour shortages in Western Australia. The trade sanctions from China which impacted log volumes out of Australia also adversely impacted the financial results.

During the period, Qube voluntarily repaid the JobKeeper proceeds that had been applied for and received in FY21 (the majority of which was received in the first half) which reduced Qube's statutory profit after-tax by \$11.8 million. The repayment of JobKeeper was not included in the determination of Qube's underlying earnings.

If JobKeeper had not been available to Qube in FY21, management would have undertaken a number of cost-saving initiatives at the start of the period to mitigate the impact on its financial performance from lower volumes due to COVID-19. Due to the availability of JobKeeper, these actions were not necessary and Qube was able to maintain the majority of its workforce despite higher costs and COVID-19 impacted volumes, particularly in the first half of the period. Therefore, the underlying results reported for the first half of FY21, which included the benefit of the JobKeeper payments to offset lower volumes and higher costs, are considered to be a reasonable reflection of the underlying performance of the business in that period.

The Board determined to repay JobKeeper in the second half of the period when it was clear that Qube's financial performance would enable it to maintain the majority of its workforce going forward and absorb the additional operating costs without requiring the available Government financial support.

Accordingly, the underlying results that include the benefit of JobKeeper for the first half are considered a more appropriate measure of Qube's underlying performance in the first half of FY21, rather than the statutory results which include the repayment of JobKeeper as an expense (and which has therefore reduced Qube's full year statutory earnings).

As a result of the expected completion of the monetisation process within the next reporting period, the earnings from the assets and liabilities being sold are classified separately as discontinued operations. The statutory figures above are inclusive of the earnings from discontinued operations which amounted to \$135.6 million (NPAT). Statutory earnings excluding discontinued operations were a loss after tax of \$43.8 million.

The major difference between these figures is the fair value gain in the period of around \$195.6 million (pre-tax) relating to the MLP investment property which forms the largest part of Qube's earnings from discontinued operations.

The fair value gain was offset by total impairments totalling \$217.1 million (pre-tax) which were mainly attributable to the MLP import-export (IMEX) Terminal (\$156.2 million). In the prior corresponding period, Qube reported fair value gains totalling \$45.1 million (pre-tax) and impairments totalling \$18.1 million (pre-tax).

The FY21 statutory earnings also include the impact of the lease accounting standard, AASB 16, which has reduced statutory net profit after tax by around \$32.9 million (inclusive of the impact of AASB 16 on Qube's share of Patrick's statutory net profit after tax). The corresponding reduction in Qube's statutory net profit after tax in FY20 was \$26.0 million.

The underlying financial information is based on the statutory information excluding certain non-recurring and non-cash items in order to more clearly reflect the underlying earnings of the business. A reconciliation between statutory and underlying results is provided in note 2 to these financial statements.

Dividend

As a result of Qube's strong performance in the period, positive earnings outlook and strong financial position, the Board has determined to pay a fully franked final dividend of 3.5 cents per share, bringing the full-year dividend to 6.0 cents per share fully franked, a 15.4% increase on the prior corresponding period.

Operating Division

The Operating Division reported underlying revenue growth of around 12.5% to \$2.0 billion and underlying earnings growth (EBITA) of 29.5% to around \$212.0 million. The growth is partly attributable to the restructuring of management and reporting of AAT and Quattro from the Property Division to the Operating Division from 1 July 2020. If these businesses had been reported in the Operating Division in FY20, the FY21 underlying revenue and EBITA growth would have been 8.2% and 18.4% respectively.

Six small complementary business and asset acquisitions within the Operating Division were completed in the period for a total net cash consideration, including debt assumed, of around \$95 million which enhanced both Qube's Operating Division's capabilities as well as geographic operational presence. These acquisitions only made a partial contribution to the FY21 result and are expected to make a more meaningful earnings contribution to Qube in FY22.

Qube remained highly diversified by customer, product, service and geography. In FY21, the top 10 customers across the division represented approximately 19% of the Operating Division's total revenue and included mining companies, energy companies, shipping lines, retailers and manufacturers. No single customer represented more than 2.5% of the total divisional revenue.

From a geographical perspective, Qube is well diversified with Western Australia being the largest single region representing 27.8% of total divisional revenue, with the largest four regions within the Operating Division (being Western Australia, Queensland, New South Wales and Victoria) collectively representing around 81.1% of divisional revenue. This balanced outcome reflects the higher weighting of the Logistics activities to New South Wales, Victoria and Queensland while the Ports and Bulk activities are weighted more heavily in Western Australia and Queensland.

Logistics

The majority of the earnings growth in the Operating Division was attributable to the Logistics activities which benefited from a much larger contribution from grain related activities comprising bulk and containerised haulage, grain storage and loading (benefiting from the Quattro acquisition in the prior year as well as a stronger grain harvest generally) and container volumes across Australia including new contract wins.

The strongest areas of growth in Logistics were New South Wales (grain and container volumes) and Queensland (Brisbane container activities).

Across the east coast, Qube recorded increased food processing and manufacturing revenue from volume increases and new contract wins.

Victoria was the weakest region due to the impact of multiple lockdowns and temporary closures of some of Qube's manufacturing customers' operations in the first half of the year. Western and South Australian operations provided another solid performance across all of their capital city and regional operations.

The rail activities continued to achieve revenue growth during the period with additional revenue from its grain, nickel and cement customers that also complemented other logistics activities within the Operating Division.

The acquisition of two Agrigrain properties in regional New South Wales (Coonamble and Narromine sites) with storage and handling equipment assets further expanded Qube's capabilities in grain storage and handling during the period. This acquisition had a nine-month contribution to FY21 earnings.

The top 10 Logistics customers represent around 12% of the Operating Division's total revenue and include retailers, manufacturers, shipping lines, food processors, grain traders and container management specialists.

AAT

A very pleasing contribution from AAT was due to higher machinery general and project cargo volumes throughout the entire year, with motor vehicle volumes trending back to pre COVID-19 levels in the second half of the year.

Ports and Bulk

New Zealand forestry activities experienced high volumes and revenue benefiting from current and prior year's acquisitions, however, earnings were slightly impacted by additional training, travel and subcontractor costs due to labour shortages in some regions caused by COVID-19 impacts. The forestry contribution would have been stronger if not for the trade sanctions from China resulting in lower log exports from Australian forestry customers.

Several forestry acquisitions occurred during the year with the purchase of two New Zealand softwood logistics companies (WWL and PHL which are located on the East Coast of the North Island) and the purchase of two Australian woodchip logistics businesses (Bluewood located in the Albany catchment area of Western Australia and Les Walkden forestry business located in the Portland catchment area of Victoria). These acquisitions only made a partial contribution to the FY21 result and are expected to make a more meaningful earnings contribution to Qube in FY22.

Qube's energy activities generated a higher contribution due to increased activities from Qube's supply base operations. This result offset COVID-19 related delays to renewable energy, oil and gas projects.

East coast general stevedoring activities were strong with higher bulk and break-bulk volumes (mainly steel imports and grain exports) than the previous year with car volumes rebounding in the second half of the year.

The bulk export activities (predominantly Western Australia) continued to generate attractive returns for Qube, benefiting from its breadth of activities and quality customer base. Qube continued to be highly diversified by product type with higher contributions from bulk logistics and export port loading activities relating to iron ore, lithium and other base metals including nickel and copper in Western Australia, more than offsetting a reduction of some products including coal, lime and bulk scrap exports across Western Australia and Queensland.

The Western Australian bulk performance was extremely pleasing considering the unique challenges management faced with labour shortages due to the ongoing COVID-19 hard border closures.

The acquisition of MDG Contracting Group's Tasmanian mining services business which provides bulk haulage and mine site services for the Tasmanian mining industry was completed in late June 2021. The MDG acquisition provided no contribution to the FY21 result.

COVID-19 also impacted Qube's LCR operations in Papua New Guinea which were temporarily closed for part of the period.

The top 10 Ports & Bulk customers represent around 18% of the Operating Division's total revenue and include mining companies, shipping lines as well as energy and gas, and forest products companies.

Associates

During the period, Qube increased its ownership of Prixcar from 25% to 50% for nominal consideration. The book value of the investment (including shareholder loans) was impaired in the period, reflecting Qube's share of Prixcar's losses.

Property Division

Since 1 July 2020, the Property Division was comprised of MLP, Minto Properties, Qube's option to acquire land at Beveridge and Qube's equity investment in TQ Holdings. In mid-September 2020, Qube completed the sale of Minto Properties. Accordingly, the majority of the FY21 financial result for the Property Division comprises the MLP project.

The Property Division delivered underlying revenue of \$23.7 million and a breakeven underlying EBITA, compared to an underlying revenue and EBITA in FY20 of \$98.0 million and \$20.2 million respectively. As the prior corresponding period result included a full period contribution from Minto Properties, and also included contributions from AAT and Quattro, it is not directly comparable to the FY21 underlying result.

In FY21, the underlying revenue delivered from MLP was around \$20.9 million, an increase on the \$15.9 million in the prior corresponding period. This reflects a sizeable increase in rental income from new warehouse tenants which was partly offset by lower management fee income on works undertaken on behalf of the Moorebank Intermodal Company (MIC). The loss (EBITA) from the MLP activities was around \$2.1 million which was an improvement on the \$4.9 million loss in the prior corresponding period. The improved result largely corresponds to the higher warehousing income, partly offset by increased losses on the IMEX terminal which generated a loss of around \$2.1 million (EBITDA) and around \$4.8 million (EBITA) compared to a \$2.9 million (EBITA) loss in the prior corresponding period.

During the period, Qube moved from 50% to 100% ownership of TQ Holdings for nominal consideration. The book value of the existing investment was written down to nil reflecting the price paid by Qube to acquire the remaining 50% interest.

Development and Leasing

During the period, progress continued with the development of precinct infrastructure at MLP, and Warehouse 5 was completed and occupied during the second half of FY21 by customers of Qube Logistics. The fully benched sites for the new Woolworths facilities were handed over to Woolworths for the commencement of construction of their major new warehouses.

The balance of Warehouses 3 and 4 were also tenanted during the period by Source Federal Hospitality Equipment and PCA Express, respectively.

Qube, in conjunction with LOGOS, has continued active discussions with several quality tenants for leases over new warehouses to be developed at MLP.

MLP IMEX Terminal

The IMEX Terminal continued operating in a start-up manual mode in parallel with the construction of the automated terminal. Volumes through the manual IMEX Terminal have been modest, with only around 18,300 TEU through the terminal during FY21. A key reason for the low volumes was the recent New South Wales (NSW) Government policy to permit higher capacity A-Double vehicles to operate from/to Port Botany, which has reduced the competitiveness of rail relative to road to the Moorebank catchment area.

The development of the automated IMEX Terminal continued during the period and is expected to be completed and operational in the third quarter of FY22. As at 30 June 2021, Qube has invested approximately \$305 million on the IMEX Terminal (excluding land, precinct infrastructure and capitalised interest) and expects to spend an additional \$80 million to complete the automation.

Towards the end of FY21, Qube undertook a revised forecast of the expected volumes through the IMEX Terminal, having regard to the targeted commencement of the automated IMEX Terminal operations and the impact of the slower ramp up in volumes for the reasons noted above.

The latest forecast volumes reflect a slower ramp up in volumes compared to Qube's business case, with catchment volumes, in particular, being lower than originally expected. This has meant that Qube's substantial investment in automation at the IMEX is several years ahead of its likely requirement.

As a result, the high fixed costs associated with the automation are not expected to be recovered in the short term, leading to negative earnings and operating cash flow until volumes reach the necessary scale to generate the target sustainable earnings and positive cash flow. In the shorter term, volumes are likely to be highly correlated with the completion and operation of warehouses at MLP, while in the longer term, Qube continues to expect that MLP will be successful in attracting meaningful catchment volumes.

As a result of the slower ramp up in volumes compared to previous expectations and the need to assess IMEX cash flows separate from the broader MLP cash flows due to the monetisation transaction, Qube recognised an impairment in the carrying value of the IMEX Terminal of \$156.2 million (pre-tax) at 30 June 2021.

The impairment is non-cash and will not impact the actual operations of the IMEX Terminal nor Qube's continued belief in the long-term strategic value and expected volumes through the MLP IMEX Terminal.

Interstate Terminal

A key issue requiring resolution with MIC is a disagreement regarding the date for completion of Stage 1 of the Interstate Terminal which is subject to extension for relief events. MIC has given notice that in its view an Event of Default for failing to complete the Interstate Terminal by March 2021 has occurred.

To resolve the disagreement, Qube is in active discussions with MIC to agree on a plan to complete Stage 1 of the Interstate Terminal by an agreed date. This is expected to be resolved as part of the overall agreement to secure MIC's consent to the LOGOS transaction. These discussions also involve potential changes to the ownership and funding of the Interstate Terminal which could result in Qube owning and funding less than 100% of this asset.

The construction of the Interstate Terminal is expected to commence in FY22.

MLP Monetisation Process

Qube continued to progress the monetisation process with the LOGOS consortium during the period. On 25 February 2021, Qube entered into a non-binding commercial term sheet with LOGOS for the sale of 100% of its interest in the warehousing and property components of the MLP project.

On 5 July 2021, Qube announced that it had exchanged binding contracts for the sale of the warehousing components of MLP with the LOGOS consortium. This sale is expected to be completed in the final quarter of calendar 2021 subject to satisfaction of several conditions including FIRB approval, MIC approvals to the change in ownership, resolution of a number of material issues with MIC and other conditions.

Given the strategic importance of the MLP to Qube, the transaction will only proceed if those approvals and the satisfaction of those conditions are deemed by the Board to be in the best interest of Qube shareholders.

The LOGOS consortium comprises funds managed by Australian Super, NSW Treasury Corporation, Ivanhoé Cambridge and AXA IM Altis, in addition to LOGOS.

On completion, LOGOS will acquire 100% of Qube's freehold land in MLP, 100% of Warehouse Trust (leasehold interest in MLP warehouses) and Qube's 34% interest in Land Trust (leasehold interest in MLP land) (collectively MLP Property Assets). Qube will retain ownership of the intermodal rail terminals.

The transaction with LOGOS allows Qube to realise a strong value for the MLP Property Assets, de-risks delivering the leasing and development of future warehouses and significantly reduces Qube's ongoing capex requirements.

From completion, LOGOS will be responsible for funding and delivering the balance of development for the MLP Property Assets including funding of the Woolworths distribution facilities, precinct infrastructure and upgrades to Moorebank Avenue. LOGOS will also reimburse Qube for capex incurred by Qube relating to the MLP Property Assets from 1 July 2021 until completion of the transaction. In addition, LOGOS will assume and Qube will be relieved of its obligations in relation to future ground rent payable to Land Trust on the warehousing land and the future rail access charges payable to the MIC owned Rail Trust.

Qube estimates that its remaining total capital expenditure obligations at MLP will be in the order of \$200-\$300 million. This expenditure mainly comprises completion of the IMEX automation and Stage 1 of the Interstate Terminal (and assumes that Qube retains responsibility for funding 100% of Stage 1 of the Interstate Terminal). Stage 2 of the Interstate Terminal will be undertaken subject to future demand.

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

The transaction is expected to deliver Qube total consideration of around \$1.67 billion before tax, transaction costs and other adjustments. Approximately \$1.36 billion is payable on financial close and around \$312 million is deferred, subject to several completion adjustments including working capital and for warehouse and precinct infrastructure capital expenditure spent compared to the forecast capex to 30 June 2021, and such further capital expenditure until financial close.

Part of the deferred amount is paid to fund construction of Stage 1 of the Interstate Terminal and the balance is payable upon receipt of certain planning approvals for the remainder of the warehousing development. Qube is well positioned to prudently manage the risks associated with the deferred payments and other transaction obligations.

Qube believes that the purchase price reflects the full strategic value of MLP and its ability to deliver premium rents. Importantly, the transaction avoids the need for Qube to deploy substantial capital to develop future warehousing with the proceeds it will receive being able to be redeployed into higher returning logistics opportunities as well as debt reduction and potentially capital management initiatives.

Qube, and the MLP project, will benefit from LOGOS' strong tenant relationships and specialist development expertise, with Qube retaining upside potential through exposure to long-term growth in container volume at MLP through terminal and logistics activities.

The parties are also progressing the terms for the establishment of appropriate governance arrangements between MIC, Qube and LOGOS for the continued project development and operation post completion.

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

Beveridge

Qube also continued with the planning approval process for the future development of the Beveridge site.

Patrick Terminals

The underlying contribution from Qube's 50% interest in Patrick was \$41.3 million NPAT and \$50.8 million NPATA, an increase of 58.8% and 47.2%, respectively, over the prior corresponding period. This contribution is inclusive of Qube's share of interest income (\$14.9 million post-tax) on the shareholder loans provided to Patrick. Patrick continued to generate strong cash flow, with total distributions to Qube in the period of \$120 million compared to \$20 million in FY20. The increased distributions were driven by Patrick's strong operating cash flow during the period and were also partly funded from a \$100 million increase in Patrick's debt facilities in the period. During the period, Patrick completed the extension of \$555 million of debt facilities by between 2 to 5 years to new maturity dates ranging from March 2024 to March 2027.

The statutory contribution to Qube's NPAT (being interest income on shareholder loans and share of profit after tax) was a profit of \$27.7 million (compared to \$7.5 million in FY20). Variances to underlying results are largely driven by the impact of the leasing standard (AASB 16).

The financial result and margins benefited from increased volumes which generated high incremental earnings given Patrick's relatively high fixed cost base, improved volume mix, continued diversification of the revenue streams from the landside and ancillary charges, increased storage revenue from higher yard utilisation, some improvement in productivity across Patrick's terminals and lower interest costs. These were partially offset by disruptions and inefficiencies associated with industrial action while Patrick negotiates a new Enterprise Bargaining Agreement. During the period, crane productivity improved in East Swanson Dock and Fisherman Island, despite industrial action related disruptions.

Patrick continued to maintain a high overall market share of around 44% across its four terminals, although this was lower than the 46% market share in the prior corresponding period. During the period, Patrick secured several new services and also extended a number of its existing contracts, which contributed to the overall increase in Patrick's volumes (lifts) of 3.3% although this was below the market growth (lifts) of 8.8%.

Importantly, Patrick's overall national market share is now more balanced across its four terminals with market share at Fisherman Island and East Swanson Dock increasing, offset by a decline in market share in Fremantle (following the rationalisation of services) and in Port Botany (as a result of the impact of protected industrial action in September 2020 and loss of a service during the period).

In September 2020, Patrick finalised the agreement with the Port of Melbourne (PoM) for a rail terminal at East Swanson Dock which will be mainly funded by the PoM. Construction is due to commence in FY22. A lease extension was also finalised in September extending Patrick's lease term and footprint at PoM until 2066.

In January 2021, Patrick finalised the lease extension at Fremantle for an initial 10-year term with an option for the extension at the Fremantle Port Authority's discretion and submitted a development application for the redevelopment of the Fremantle terminal which is expected to commence in FY22.

Patrick undertook capex in the period of around \$70.7 million on growth and maintenance items.

This included a new container weighing system that was introduced in Fisherman Island and is expected to be rolled out across the other terminals in the next 6 to 12-month period and is expected to help drive safety outcomes.

Phase 1 of the Port Botany Rail Development was completed in December 2020 on time and on budget. Following a period of commissioning and testing, the automated rail terminal commenced operations at the end of June with all trains now being serviced by the automated rail terminal with the manual operations ceasing. The Phase 2 civil construction works have now commenced, and when fully complete in mid FY23 these works will provide a significant increase to rail windows and rail efficiencies at Port Botany.

During the period, Patrick also finalised the implementation of the Navis N4 Terminal Operating System nationally, including roll out in Port Botany in August 2020 and in Fisherman Island in November 2020 with no operational disruptions associated. The project has already resulted in cost savings in FY21 from efficiencies and workforce synergies with further savings forecast in FY22.

Two Liebherr cranes were successfully delivered in Port Botany and Fisherman Island, currently in commissioning and endurance testing phase.

Capital Expenditure

Qube spent approximately \$673.8 million of gross capital expenditure in the period or around \$461.4 million net of the proceeds from the sale of Minto Properties and other assets. The majority of the capex (around \$369.7 million) was spent in the Operating Division and the balance (around \$304.1 million) in the Property Division.

Key items of expenditure included several acquisitions for a total net cash consideration of around \$80 million in the Operating Division to expand Qube's capabilities and geographic reach across rural commodities in Regional New South Wales, forestry products in Australia and New Zealand and bulk haulage in Tasmania.

In addition to these acquisitions, Qube continued to invest in equipment for existing and new contracts, procurement of equipment across the Operating Division and maintenance capital expenditure (being around 83% of Qube's FY21 depreciation).

At MLP, the majority of the expenditure related to precinct infrastructure with the balance mainly relating to the IMEX Terminal and new warehouses (completion of Warehouse 5 and commencement of the construction of the Woolworths facilities).

Funding

Qube finished the period in a strong financial position with cash and available undrawn debt facilities of \$626.2 million at 30 June 2021.

During the period, Qube repaid \$200 million in short-term bridge facilities from the proceeds of the sale of Minto Properties and extended the maturity of \$280 million of existing bilateral bank facilities, with extension of an additional \$100 million facility for a further two years being well progressed at period end. As at 30 June 2021, the weighted average maturity of Qube's debt facilities was 3.0 years.

Qube continues to be conservatively leveraged with net debt of around \$1.39 billion, a leverage ratio (net debt / net debt + equity) of around 29%, being below the lower end of its target leverage range of 30% to 40%, and significant headroom to Qube's financial covenants.

Safety, Health and Sustainability (SHS)

Given the many challenges of FY21, Qube's focus as an organisation continues to be to protect the health and safety of its people while ensuring continuity of its services for its customers. This has involved a monumental effort across its workforce that involved a positive and collaborative approach to working together. Looking after Qube's people is key to building a sustainable organisation.

Qube has continued its strong focus on safety and zero harm with a particular emphasis in 2021 on increasing reporting, corrective action closures, incident closure rates and leadership tours. The result was an improvement in lost time injuries, however further focus needs to be placed on reducing the number of total injuries.

SHS Operational Review

In FY21, Qube improved its SHS performance, including achieving the following outcomes:

- Consistent with the goal of Zero Harm, Qube achieved zero fatalities in FY21 along with a further reduction in the lost time injury frequency rate (LTIFR) from 0.9 to 0.8 per million hours worked.
- Critical Incident Frequency Rate has decreased from 1.5 to 0.3, driven by the leading-edge Fleet Monitoring Centre which has successfully avoided truck rollovers while improving Qube's critical risk verification and inspections.
- Completed 1,900 critical risk verifications compared to 1,620 in FY20. This program continued to be strong in terms of verifications and business implementation at all levels.
- Qube's ongoing growth has pleasingly resulted in its overall Workers Compensation Premium Rate remaining stable. The Group has experienced a reduction in the overall average claim cost which is attributed to a continued focus from supervisors and managers on early intervention for all injuries and illnesses.
- Net emissions were steady compared to FY20 despite underlying revenue increased, resulting in Qube's carbon intensity (tCO₂ per \$ million) further decreasing by around 8.6%.
- A consultant was engaged to investigate the options available for achieving a Low Carbon Future. Following on from their findings, Qube will investigate the options to understand and define the financial and operational implications. Understanding these impacts will enable Qube to adopt a longer-term carbon goal and a sustainable strategy to address a Low Carbon Future.
- Implemented a Modern Slavery framework by developing a Supplier Code of Conduct and questionnaire, complemented by an internal Modern Slavery training package for managers, supervisors and procurement teams.
- Invested in Qube's sustainability reporting systems to improve these systems, in particular data collection and verification processes across the business. This supports reporting against the Sustainable Development Goals (SDG's).
- Implemented initiatives to reduce emissions with additional expansion of the Euro 5, 6 truck fleet and the expansion of renewable energy installation. Work will continue into FY22 to further increase the installation of renewable energy across existing sites.
- The support of charitable and community related causes is another important part of Qube's philosophy. A new initiative was introduced to provide additional special paid leave to employees who are supporting charitable causes.

The main disappointment was that the total recordable injury frequency rate (TRIFR) increased from 8.3 to 9.0. The increase in TRIFR was mainly attributed to the impact of consolidating recent acquisition TRIFR data in the period. Qube will continue to focus on reducing recordable injuries through increased focus on risk management systems and processes, including an increased focus on integrating any newly acquired business into the Qube SHS system and standards to ensure that injury data is consistent.

COVID-19 Response

Qube has responded to the global crisis with the health and safety of its people, customers and communities as the number one priority throughout the pandemic.

COVID-19 has presented Qube with many opportunities to strengthen our culture alongside many unique challenges. Communications and engagement with our people has been regular and transparent. Our employee engagement app (myQube), internal communications and COVIDSafe toolbox talks have ensured we reach our people to provide regular communications on the latest health orders regarding COVID-19 in our locations of operation as well as providing vital information regarding COVIDSafe protocols.

Quickly adapting and introducing measures to stop the spread of the virus and positioning the business for the subsequent economic impacts has required focused efforts with strong leadership, governance controls and clear communications. At Qube, strong foundations have supported its response, and included:

- a strong safety and leadership culture and engaged workforce.
- effective crisis management and governance controls including ensuring it maintained COVID-19 safe workplaces and associated operating protocols.
- health and wellbeing initiatives including onboarding of a new Employee Assistance Program (EAP) provider to provide employees and their immediate family members with access to enhanced assistance programs with qualified psychologists, social workers as well as personal and professional coaching and counselling services.

Sustainability

A key element of Qube's broader strategy is to ensure a resilient and robust approach to sustainability as this is key for the long-term success of the organisation. A detailed assessment was undertaken in the period to identify the matters that are most relevant for the current and emerging issues and opportunities in our business. This has resulted in nine key sustainability focus areas that have been identified and these form the focus of Qube's strategy and reporting:

- Risk reduction
- Leadership
- People and culture
- Climate change
- Environment
- Community
- Governance and systems
- Diversity and inclusion
- Health and wellbeing

Innovation and Technology

Continuous innovation and application of technology across the organisation to enhance operational and safety outcomes have been a key part of Qube's strategy and success since its establishment.

Qube has a demonstrable track record over many years of investing in and leveraging technology to deliver innovative, reliable and safe logistics supply chain solutions to its customers.

Qube's Group Innovation Committee chaired by the Managing Director brings together senior executives from across the organisation to develop strategies, leverage developed solutions, determine the investment and resources priorities that will benefit customers, and improve safety and service delivery. This Committee actively considers initiatives ranging from early-stage concepts through to operations-ready projects.

Importantly, the structure and philosophy of Qube's Innovation Committee reinforce the Qube culture around building a cooperative approach focused on enhancing the overall organisation through continual improvement.

Qube has successfully delivered a number of innovation projects over the past 12 months, with key initiatives including the introduction of Mobile Harbour Cranes combined with log grapples in the New Zealand stevedoring operation (safety and efficiency benefits), the expansion of robotic scanning technologies across new sites (safety and efficiency benefits) and the introduction of Optical Character Recognition (OCR) in select locations to drive efficiencies which have highlighted additional benefits being realised through the implementation of Artificial Intelligence learning initiatives.

Qube is committed to innovation as it provides a drive to embrace the future and as such there are a number of commercially sensitive projects Qube is actively developing which will provide real and measurable benefits for warehousing, port precinct transport and training programs.

Qube's continuous improvement programs are also updated and refined using Information Technology systems developed both in-house and with specialist industry vendors to improve the supply chains of Qube's customers.

Significant investment has been made in recent years to manage the risks associated with cyber security. Recent examples in the logistics industry of system failures provide clear incentive and necessity to maintain the proactive investment in this critical area.

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

Strategy and Risk Management

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

Qube's strategy to achieve this vision includes the following:

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

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

Qube's risk management framework, as described in the Corporate Governance Statement and on Qube's website, incorporates effective risk management into its strategic planning processes and requires business operating plans to effectively manage key risks.

Key risks are communicated to the Audit and Risk Management Committee as part of the periodic risk review and reporting, and to the Board (including during the ongoing divisional Board reporting process) and when there is an increased likelihood of occurrence of a risk materially impacting Qube. The Audit and Risk Management Committee is responsible for allocating to the Board or relevant Committee (as applicable) primary responsibility for oversight of each of these key risks.

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

Strategic Risk

Qube's investments and operations should be focused within import and export supply chains, targeting markets and activities with favourable characteristics and in which Qube has a competitive advantage, including through control over strategic locations, market knowledge, operational expertise or customer relationships.

Logistics activities that are more commoditised in nature or have higher inherent risks should only be pursued where an appropriate risk assessment has been undertaken and the expected risk-adjusted returns are adequate.

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

Operational Risk

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

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

Economic and Market Conditions

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

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

This risk mitigation approach has been particularly important in light of COVID-19 as Qube has been able to continue to generate meaningful cash flow and earnings through those areas of its business that have been minimally or only moderately impacted by the pandemic. Qube has also been able to reduce its cost base in some parts of its business that have experienced more significant volume reductions due to the economic impact of COVID-19 on a number of Qube's customers in order to mitigate the adverse impact on earnings.

IT and Cyber Security

The unauthorised access to or use of Qube's IT systems could adversely impact Qube's ability to serve its customers or compromise customer or employee data. This could result in reputational damage, financial loss and/or adverse operational consequences. An IT strategy (incorporating cyber security) has been implemented utilising technologies and processes to protect systems and to detect and promptly respond to unauthorised or inappropriate activities. These controls include, but are not limited to, e-mail filtering, anti-virus software, security awareness and training, as well as the use of penetration testing across Qube's network.

Regulation and Compliance

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

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

Sustainability and Environment

Qube has a strong interest in protecting and preserving the environment and is committed to making a significant sustainable and responsible contribution through environmental planning.

Qube will not accept actions that are inconsistent with achieving Board approved emission targets, objectives or ones that are materially inconsistent with the objectives outlined in the most recent Qube Sustainability Report.

Health and Safety

The ability for Qube to continue to operate and grow is dependent on its ability to continue to provide safe operating settings and to operate in a sustainable manner. The specific initiatives and achievements during the period to achieve this objective were set out above.

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

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

Industrial Relations

There is a risk that Qube may not be able to acquire, deploy or retain the necessary labour for operations and development projects, may only be able to do so at higher costs, or that Qube's operations may be disrupted by labour disputes. This may disrupt operations or lead to financial loss. Qube aims to be an employer of choice, pay appropriate levels of remuneration that are market competitive with an emphasis on performance-based pay, and to engage proactively with its workforce including through ongoing focus and programs targeting safety, health and general well-being.

Financial Risk

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

Summary and Outlook

The FY21 financial year involved significant ongoing challenges for Qube as a result of COVID-19. However, improvement in volumes across Qube's core markets, combined with Qube's strong market positions underpinned by a network of strategic infrastructure and logistics assets, and a contribution from Qube's past growth capex, enabled Qube to generate strong underlying earnings growth despite these challenges.

The exchange of binding contracts (subject to certain conditions and approvals) with the LOGOS consortium for MLP Property Assets shortly after year end was another key milestone. Following the completion of that transaction, Qube will be in an even stronger financial and operating position to generate meaningful cash flow and earnings growth, reduce debt and consider capital management initiatives.

In FY22, Qube expects solid underlying earnings growth from the Operating Division which is expected to benefit from a full period contribution from the FY21 acquisitions and growth capex, organic growth and a partial period contribution from the FY22 growth capex. This will be partly offset by higher expected start-up losses from the MLP IMEX Terminal (including higher depreciation following the commencement of automated operations expected in the third quarter of FY22). There is potential earnings upside to this guidance from several earnings accretive acquisitions currently under consideration.

From 1 July 2021, the MLP terminal activities, TQ Holdings and Beveridge will be managed by and reported in the Operating Division rather than the Property Division.

Qube expects a strong underlying earnings contribution from Patrick (comprising interest income on shareholder loans and underlying share of profit). Patrick's results are expected to benefit from market growth, which is expected to be around 2-3%, the full period benefit of increased and new landside charges introduced during FY21, as well as continued efficiencies and productivity improvements. These positives are expected to offset cost pressures in parts of the business. This outlook assumes that there are no material adverse costs from industrial action or the finalisation of the enterprise agreement. Key capex commitments in FY22 will include the redevelopment of Patrick's Fremantle terminal, capex associated with the rail project in East Swanson Dock as well as replacement and additions of equipment across Patrick's four terminals.

The Property Division is expected to produce an approximately breakeven result, and post-completion of the monetisation process, will be discontinued.

Corporate costs (EBIT) are expected to increase in FY22 mainly due to MLP transition costs and higher insurance costs.

Qube is presently forecasting FY22 capex to be around \$400 million to \$500 million (excluding potential acquisitions, capex relating to the MLP assets that will be reimbursed by LOGOS and monetisation proceeds). Major capex items expected to be undertaken include completion of the IMEX automation, commencement of the development of the Interstate Terminal, completion of the procurement of locomotives and wagons for the BlueScope contract, as well as new facilities and equipment across the Operating Division to support capacity, safety and efficiency, as well as maintenance capex.

The actual level of capital expenditure in FY22 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

Overall, having regards to the above expectations, Qube expects to deliver solid underlying earnings growth in both NPATA and EPSA in FY22 compared to FY21. This assumes no material adverse change to current conditions in Qube's markets or domestic or global economic conditions, including any deterioration due to COVID-19 that impacts Qube's customers, markets or operations. This guidance is based on an assumed completion of the monetisation process by 31 December 2021 with the proceeds assumed to be used to pay down debt.

Subject to the completion of the monetisation process, the Board will assess the appropriate use of the monetisation proceeds which is expected to include debt reduction, investment in accretive growth opportunities and potential capital management initiatives.

With operations across more than 135 locations predominantly in Australia and New Zealand, Qube will emerge post completion of the monetisation process in a very strong financial and operating position, with a more predictable earnings profile from its well diversified and high cash generative logistics operations focused on import and export supply chains. Qube will continue to maintain a conservative balance sheet that is supportive of accretive investments to enhance long term underlying earnings growth and shareholder value creation.

Message from the Nomination and Remuneration Committee

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee of the Qube Board, I present the Remuneration Report for the year ended 30 June 2021 (FY21). This report has been audited in accordance with section 308(3C) of the Corporations Act 2001.

In FY21 Qube delivered underlying net profit after tax pre-amortisation (Group NPATA) of \$159.6 million. This bettered the FY20 Group NPATA of \$121.2 million by around 31.7%. This was a strong result given the unprecedented challenges due to COVID-19.

During the period, Qube's operating businesses achieved a very pleasing operational and financial performance which was supported by strong forestry (New Zealand) and bulk resources markets, together with better-than-expected container volumes that assisted both Patrick and Qube's Logistics business. In July 2021 Qube also reached financial terms for the \$1.67 billion monetisation of the warehousing assets at Moorebank Logistics Park. This transaction is expected to complete in the second quarter FY22.

In January 2021 Qube appointed an independent external remuneration adviser to assist in reviewing current remuneration arrangements and formulating future remuneration arrangements for executives. The advisor will assist in challenging our remuneration structure and facilitating the Board to make informed decisions by providing current information and a fresh, external perspective on our remuneration's fit with strategy. In addition, the advisor's experience will assist the Board to better anticipate and pre-emptively respond to new remuneration trends and issues.

The performance of Qube is reflected appropriately in the remuneration outcomes for the Managing Director and other Executive Key Management Personnel (KMP):

Fixed remuneration

Continuing the work commenced in FY20 to reduce costs, and cognisant of market conditions, the Board determined there would be no Fixed remuneration increases for the FY21 year for Executives.

Short-Term Incentives (STI)

The performance of the Managing Director and other Executive KMP was assessed against a combination of financial, safety and non-financial KPIs.

Financial KPIs

Underlying NPATA and divisional underlying earnings. Targets were set that were consistent with the budget. The Board noted the challenges in preparing accurate forecasts/budgets due to COVID-19 uncertainties and the consequences of this uncertainty for setting suitable financial hurdles. It determined to apply a temporary reduction of the maximum award attainable of 140% of target to 120% of target for FY21. Assessment against target took into account unbudgeted asset acquisition and disposal impacts on budgeted revenues, expenses, and earnings (including the related funding impact of these acquisitions and disposals on earnings). At the end of the financial year the Board considered outcomes against targets as well as the overall quality of results from risk and operational performance indicators and determined that the achievements against targets were valid.

Safety KPIs

The Board agreed to use negative discretion in the event of serious incidents warranting a greater forfeiture than 40% of the safety KPI payment. We are pleased to report there were no significant safety incidents in FY21 and such discretion was not necessary. For FY22 a formal fatality gateway will be applied to 100% of Safety KPIs.

Other Non-financial KPIs

The performance of the Managing Director and other Executive KMP against the non-financial KPIs set for them is shown in detail in a Performance Scorecard contained in this report. The Board was satisfied that the achievements against scorecard results reflected sustainable improvements above business-as-usual results. These included finalisation of the Minto Properties sale; development of and work towards a preferred Moorebank monetisation recommendation; and successfully managing the business out of the COVID-19 impacts positioning Qube for future growth.

Long-Term Incentives (LTI)

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

The share appreciation rights that were granted in September 2017 vested in September 2020. Over the performance period the share price increased from \$2.51 to \$2.75, representing a total return of 15.6% (inclusive of dividends paid over the vesting period). Qube's total shareholder return (TSR) over the same period was 16.4%, which was below the ASX 200's TSR of 22.2%.

Non-executive Director Fees

Consistent with the approach to executive remuneration, the Board did not receive an increase in fees in the FY21 year. An independent NED fee review was conducted in FY21, with the resulting conclusion that Qube director fees are significantly below market. We will be seeking to increase NED fees to market levels in FY22 to remain competitive in retaining and attracting exceptional directors in the market. A NED Equity Plan is expected to be introduced, where Non-executive Directors are required to accumulate shareholdings.

Message from the Nomination and Remuneration Committee CONTINUED

Change in Management Structure

On 25 February 2021, Qube announced the planned transition to a new Managing Director Paul Digney, following Maurice James' intention to retire. The new MD has implemented new management reporting lines consistent with the focus of the business post Moorebank monetisation.

Remuneration Strategy and Review outcomes

In FY20, Qube received Remuneration Report against votes of 53%, exceeding the threshold for a remuneration strike. We have carefully considered all feedback in conjunction with reviews of executive and director remuneration against our business strategy. The Board decided on changes to address strategic and other issues, while also addressing concerns expressed by a significant minority of shareholders. Key FY21 changes are detailed in this Remuneration Report. While changes in future financial years are also noted in this report, full details on these changes will appear in future disclosures.

I invite you to review the full report and thank you for your interest.



Allan Davies
Nomination and Remuneration Committee Chair

Remuneration Report

Contents

1. Response to Feedback in Conjunction with a Review of our Remuneration	28
2. Key Management Personnel	29
3. Remuneration Summary	30
4. Performance	32
5. Total Fixed Remuneration	35
6. Short-Term Incentive	35
7. Long-Term Incentive	41
8. 2021 Remuneration Outcomes Snapshot	42
9. Take Home Pay of Managing Director and other Executive KMP	44
10. Employment Conditions	46
11. Statutory Remuneration Disclosures	47
12. Non-executive Directors	54
13. Director's Interests	56
14. Remuneration Governance	57
Annexure 1 - Glossary	59

1. Response to Feedback in Conjunction with a Review of our Remuneration

In FY20, Qube received Remuneration Report against votes of 53%, exceeding the threshold for a remuneration strike. We have carefully considered all feedback in conjunction with reviews of executive and director remuneration against our business strategy. The Board decided on changes to address remuneration strategy and other issues, while also addressing concerns expressed by a significant minority of shareholders. Some of these have been implemented in FY21 and are explained in this Remuneration Report. Some are planned for introduction in FY22, while one will be implemented in FY23. While these latter changes are noted below, more detail will appear in FY22 and FY23 disclosures.

We met the guidelines for COVID-19 assistance, applied for and received JobKeeper payments in the first half of FY21. These have been repaid. The voluntary repayment by Qube of the JobKeeper proceeds received in FY21 was an expense that reduced Qube's overall profit for the purpose of comparing Qube's actual profitability relative to target for determining STI outcomes. Once set at the start of the financial year, no COVID-19 related, or other non-standard adjustments were made to earnings and other FY21 financial scorecard targets during the year. As a consequence, management did not receive any financial benefit from the receipt of, nor the repayment of, JobKeeper.

Safety is core to Qube's operations. The Board has always had discretion to adjust incentive payments in response to key safety concerns whereby direct accountability can be attributed. Nevertheless, in response to feedback over fatality concerns, executive STI scorecards will formalise a fatality gateway; and apply a greater material weighting on safety outcomes from FY22 onwards. We are strengthening the Safety KPI to be consistent for both line and non-operational management roles. This will ensure safety is a valued and shared part of our culture, irrespective of where an employee is located, or what an employee's duties are. The Board will retain discretion to reduce the overall STI award if safety performance warrants this.

Our review concluded it was preferable that Executive KMP receive a greater proportion of their pay as equity. We have responded by altering the STI payments from FY22. A mandatory shareholding requirement (MSR) policy has been approved for senior management and is being introduced in FY22. Executive KMP will receive 50% of their annual STI award in cash and 50% restricted shares deferred for one year. Only in the event the Executive KMP already holds shares in excess of the MSR, may the executive elect to take the balance of the deferred component in cash. Payments in restricted shares will increase equity holdings to an acceptable level; further align management's interest with shareholders; and permit discretion to not award the deferred STI in the event of misconduct or termination as a bad leaver.

In FY17, we introduced annual grants of Share Appreciation Rights (SARs) to recognise the significant potential for value creation under major transformative projects, including the Moorebank development. The transformation will be fully realised when the Moorebank development has been cycled through to sale. While this is near, it has not been completed. Completion is expected to occur in the first half of FY22, so there will be a final grant of SARs in FY22, with its built-in share price appreciation hurdle. Beyond the completion of the major Moorebank development, we expect to see a steady growth and consolidation phase. Performance rights will replace SARs from FY23 onwards. The rights will vest in accord with the extent that performance conditions have been achieved. Performance conditions are currently under consideration and will be confirmed by the Board during FY22.

The steadier growth and consolidation phase will also be reflected in the Executive KMP pay mix from FY22 onwards. Generally, it will have lower incentive opportunity than current, and be more consistent with market practice.

An independent NED fee review concluded that Qube director fees are significantly below the market median. To ensure ongoing board renewal we need a pipeline of outstanding and diverse director candidates. Therefore, we will be seeking to increase NED fees to market levels in FY22 to be more competitive in attracting and retaining exceptional directors.

In addition, a NED equity plan is expected to be introduced during FY22, whereby the policy will enable a percentage of director fees to be paid in rights to shares. It will be accompanied with a new MSR policy for NEDs.

2. Key Management Personnel

This Remuneration Report sets out remuneration information for Qube's non-executive directors, the Managing Director and other key management personnel (KMP) for FY21. Directors and executives disclosed in this report are as follows:

Non-executive Directors		Position	Tenure
Allan Davies	Chairman, Non-executive Director		Full year
Sam Kaplan	Deputy Chairman, Non-executive Director		Full year
Ross Burney	Non-executive Director		Full year
Peter Dexter	Non-executive Director		Retired 27 November 2020
Nicole Hollows	Non-executive Director		Appointed 19 October 2020
Stephen Mann	Non-executive Director		Full year
Jackie McArthur	Non-executive Director		Appointed 17 August 2020
Alan Miles	Non-executive Director		Full year
Sue Palmer	Non-executive Director		Retired 27 November 2020
Åge Holm	Alternate Director to Peter Dexter		Retired 27 November 2020
Executive Directors			
Maurice James	Managing Director		Full year. NB: resigned from MD position effective 1 July 2021
Paul Digney	Managing Director		Appointed Managing Director with effect 1 July 2021
Other key management personnel			
Paul Digney	Chief Operating Officer		Full year
William Hara	General Counsel and Company Secretary		Full year
Paul Lewis	Chief Financial Officer		Full year
Greg Pauline	Director, Infrastructure and Property Division		Resigned 10 July 2020

3. Remuneration Summary

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

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

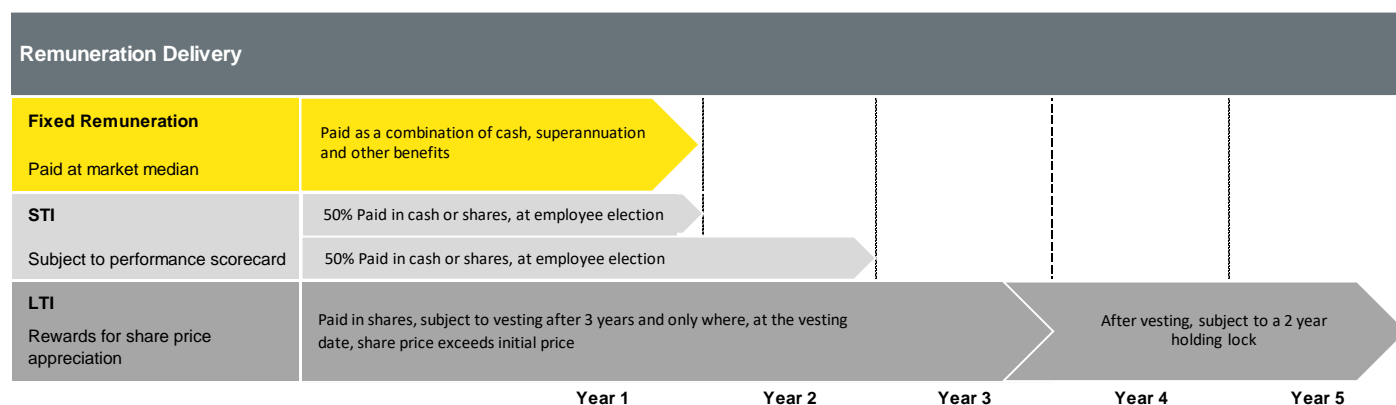
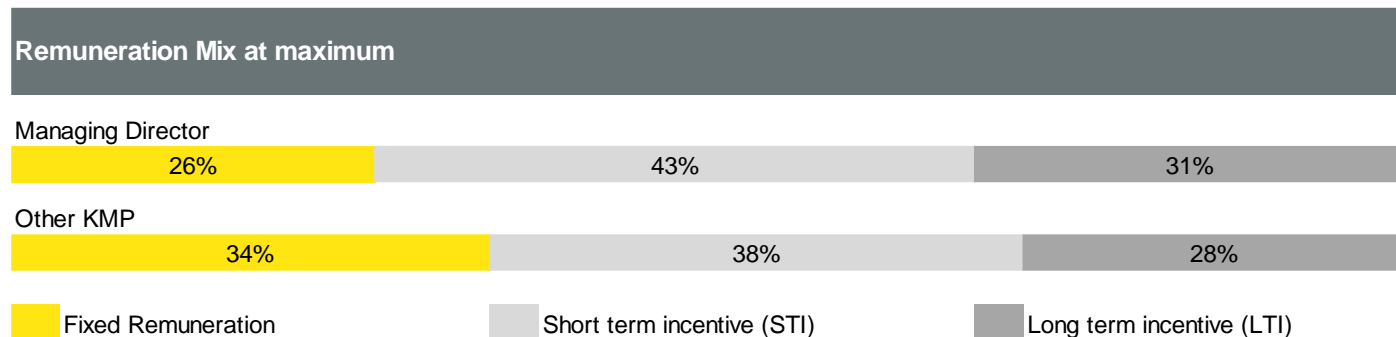
Qube's Vision	Qube's Strategy	Qube's Remuneration Strategy	Qube's Remuneration Strategy Principles
To be Australia's leading provider of integrated logistics solutions focussed on import and export supply chains, with a focus on health and safety first	To remain focussed on the most efficient, lowest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

b. Executive remuneration framework

Remuneration Components	Fixed Remuneration	Short Term Incentive	Long Term Incentive
Purpose	Reflects the market value of the role and the executive's skills and experience	Incentive for achievement of financial and non-financial KPI's for the financial year	Incentive for long term shareholder value creation and to assist in retention of key executives
Design	Benchmarked at market median	<p>Financial measures that measure the achievement of the expected earnings consistent with company business plans and strategy</p> <p>Non-financial measures to focus management on a balance of health, safety, environmental, strategic and operational measures that underpin sustainability and growth of Qube</p> <p>Outcome is determined based on performance against scorecard, consisting of financial and non-financial measures</p>	<p>Performance period over three years to retain and incentivise management to deliver the Group's strategy</p> <p>Qube's strategy to invest in assets and strategic sites is expected to create significant shareholder wealth in the medium to long term and be reflected in the Qube share price. For this reason, the LTI has an implicit share price performance hurdle and only has value if the share price increases</p> <p>Award is delivered in Share appreciation rights, with three year performance period. Following vesting, there is a further retention period of two years to ensure long term focus</p>
Alignment with Shareholders	Attract and retain appropriately qualified and experienced executives to ensure shareholder interests are managed in an efficient and effective manner	Payments need to be fully funded from current year's profits and represent value for money to shareholders	<p>Only have value if the share price increases</p> <p>Significant deferral of long term incentives into Qube shares (refer Remuneration Delivery table below)</p>
Total Remuneration	<p>Opportunity to achieve market upper quartile where exceptional results are achieved</p> <p>The Remuneration Mix reflects the greater portion of remuneration is variable, or 'at risk', with an even weighting between STI and LTI (refer Remuneration Mix table below)</p>		
Business and Operational Risks	<p>Financial and non-financial KPIs that appropriately take into account risk and profitability</p> <p>Malus provisions and deferral of incentives</p> <p>KPIs that include key operational risks such as health, safety and environment</p>		

3. Remuneration Summary CONTINUED

The Board considered Company strategy and reward plans on performance measurement, competitive position, and stakeholder feedback. Policy paymix is summarised below for FY21. The mix displays remuneration at maximum.



c. Governance

The Nomination and Remuneration Committee	<p>In accordance with its Charter, the Committee is responsible for reviewing, assessing and recommending to the Board, remuneration policies and practices, and broader strategic human resources policies, that encourage sustainable enterprise outcomes, enhance long term shareholder returns, and are in accordance with applicable regulatory requirements.</p> <p>The Committee reviews, applies judgement and where appropriate, makes remuneration decisions under its Charter based on management's recommendations or endorses the recommendations made by management and submits them for Board approval. The Committee may seek information from other Qube Board Committees and from management and employees of the Qube Group in order to perform its duties.</p> <p>The Committee considers the interests of all stakeholders in fulfilling its responsibilities.</p>
The Board	<p>The Board has ultimate responsibility for the fixed and variable remuneration opportunity and outcomes, and determines what is value for money for shareholders. This is achieved through approval of the fixed remuneration of the Managing Director and non-executive directors and the Managing Director's variable remuneration opportunities based on the Committee's recommendations. Through the Committee, the Committee Chair and the Board Chair, the Board effectively determines the short-term remuneration outcomes for the Managing Director and fixed and short term remuneration outcomes for senior executives.</p> <p>There are strict arrangements in place for interactions with the Board's remuneration adviser. No Remuneration recommendations were sought or received during the 2021 financial year.</p>

During 2021 external advisers were engaged by the Nomination and Remuneration Committee to provide information and assist the Committee determine policy and make decisions. The Nomination and Remuneration Committee did not seek or receive any remuneration recommendations from the external advisers in the 2021 financial year.

4. Performance

a. Performance – 12 months to end of FY21

Qube delivered a significant improvement in its financial performance in FY21 as its diversified operations and strong market positions enabled the company to benefit from the high volumes of freight across most of Qube's markets. Importantly, the benefit from Qube's investment over many years including on facilities, technology, safety, and equipment to build scale, capacity and operational capability, was demonstrated through improved margins and high cash flow generation. Operations have focused on safety of employees in FY21 with key leading and lagging indicators achieving set targets; importantly resulting in no fatalities and a decreasing Critical Incident Frequency Rate (CIFR).

Qube continued to undertake significant investment across the Operating Division including complementary acquisitions to further expand its geographic and service capabilities; on facilities including warehouses; and on equipment such as rolling stock, rail wagons, cranes, and other forestry-related equipment to support existing and new contracts. This investment is expected to support continued long-term earnings growth.

In the period, Qube also progressed the construction of additional warehousing, precinct infrastructure and the IMEX rail terminal at the Moorebank Logistics Park (MLP). It also made progress with planning approvals and warehouse lease arrangements for the MLP.

In addition to the pleasing operational performance, significant focus was applied to progressing the monetisation of the non-rail terminal components of the MLP. Binding agreements, conditional on satisfaction of conditions precedent including FIRB and MIC approvals, were signed with LOGOS shortly after financial year end and completion is currently expected in the last quarter of calendar year 2021.

The monetisation process will deliver significant value to shareholders. The process is the realisation of many years of planning, construction and operational activities across the entire organisation.

The LOGOS transaction will result in separate cash flows being derived for the IMEX Terminal and the MLP warehousing. Given the expectation that the completion of the LOGOS transaction is probable, at 30 June 2021, the IMEX Terminal was assessed as a separate cash generating unit (CGU) for impairment purposes rather than being assessed as part of the broader MLP project as in prior periods.

The value created from the MLP development has not been reflected in Qube's underlying financial results as the upward revaluation of the warehousing component of the MLP was unrealised / non-cash. Accordingly, the key financial metrics below which are based on underlying information do not incorporate the value that will be realised from the successful completion of the monetisation process.

For the same reason, the underlying earnings do not reflect the impairment of the MLP IMEX Terminal, recognised at 30 June 2021. The impairment is also non-cash and is a result of expected slower ramp up of volumes through the IMEX Terminal. The impairment was not due to a change in the strategic value or long-term outlook for this asset. Moreover, the impairment was largely offset by increases in the value of Qube's investment properties in the period (the largest component relating to Moorebank warehousing). Before approving STI payments the Board considered overall performance and STI assessments, and were satisfied that they reflected underlying performance. Further information regarding the MLP IMEX Terminal impairment and MLP investment property fair value outcomes is contained within Notes 8 and 24 of the Financial Statements in the Financial Report section of the Annual Report.

In FY21, Qube's total shareholder return, comprising share price growth and dividends, was around 11.6%.



Notes:

*Total shareholder return assumes reinvestment of dividends at the ex-dividend spot price.

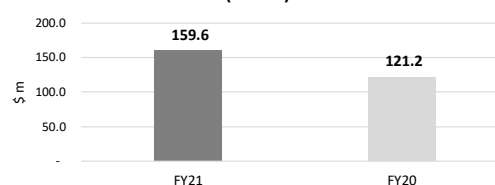
For a detailed analysis of Qube Group and Segment Performance, please refer to the Financial Report section of the Annual Report.

4. Performance CONTINUED

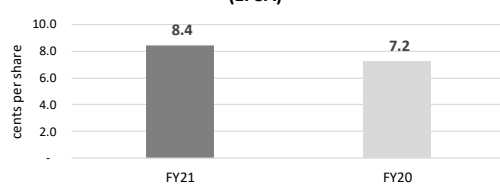
a. Performance – 12 months to end of FY21 (continued)

Key Underlying Financial Information		FY21	FY20	Percentage movement
Key metrics				
Revenue	\$m	2,032.4	1,883.6	7.9%
EBITA	\$m	182.9	160.3	14.1%
Net profit after tax (NPAT)	\$m	142.5	104.2	36.8%
Net profit after tax pre amortisation (NPATA)	\$m	159.6	121.2	31.7%
Net Assets attributable to Qube	\$m	3,361.8	3,299.8	1.9%
Net Debt	\$m	1,388.4	1,193.3	16.3%
Gearing	%	29.2%	26.6%	2.7%
Key returns				
Earnings per share (EPS)	cents	7.5	6.2	21.0%
Earnings per share pre amortisation (EPSA)	cents	8.4	7.2	16.7%
Ordinary dividend per share	cents	6.0	5.2	15.4%
Weighted av diluted shares	n. (m)	1,899.2	1,679.7	13.1%

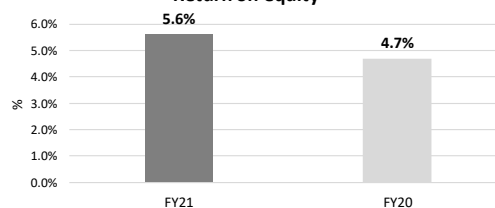
Underlying Net profit after tax pre amortisation (NPATA)



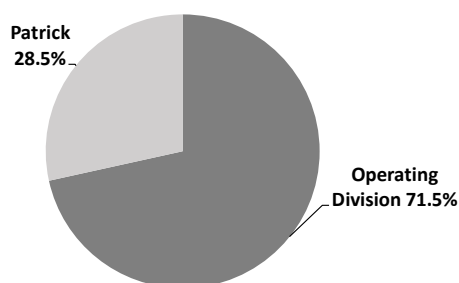
Underlying Earnings per share pre amortisation (EPSA)



Return on equity**



FY21 underlying EBITA mix*



Notes:

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

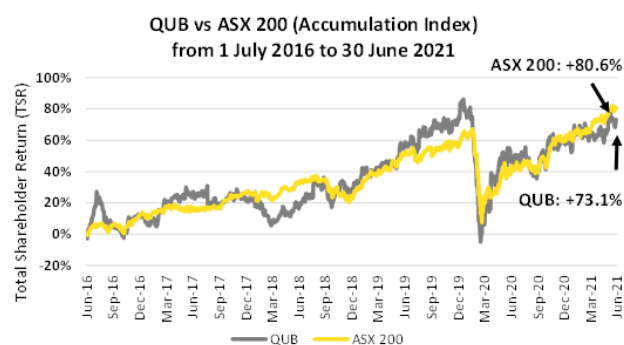
** ROE is calculated as the annual underlying NPATA divided by the arithmetic average of beginning, half year and year end value of securityholders' equity which has been adjusted to exclude all investment property related revaluations.

b. Performance – 5 years to end of FY21

Over the five-year period to 30 June 2021, Qube's total shareholder return* was around 73.1%, equivalent to a compound annual growth rate (CAGR) of around 11.6%. Over this five-year period, Qube paid semi-annual fully-franked dividends to shareholders every year. During this period Qube's market capitalisation increased by around 45.7% or \$1.9 billion reflecting share price growth as well as shares issued to fund Qube's growth capex and ensure that Qube maintained a prudent balance sheet.

The increase in Qube's share price and market capitalisation over this period at a higher rate than the increase in underlying earnings reflects the value that has been attributed by investors to positive outcomes and value creation from some of Qube's assets such as MLP and Patrick that is not fully reflected in Qube's underlying earnings.

* Total shareholder return assume reinvestment of dividends into share repurchases at the ex-dividend spot price.

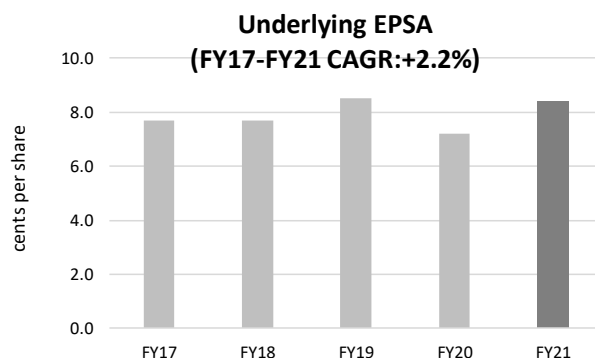
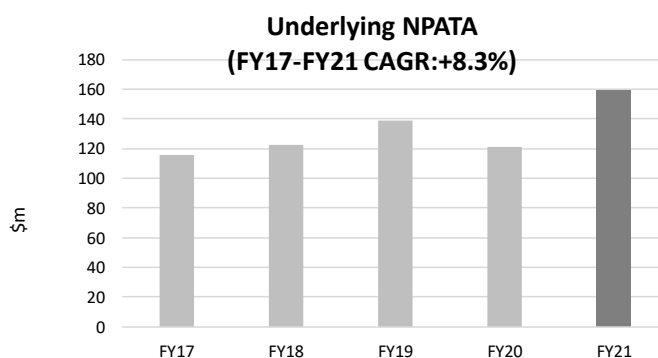
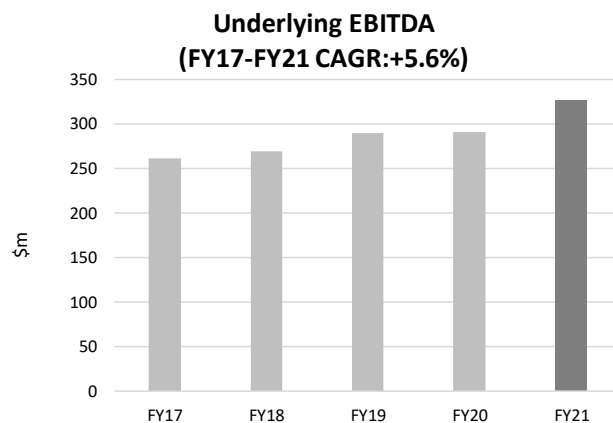
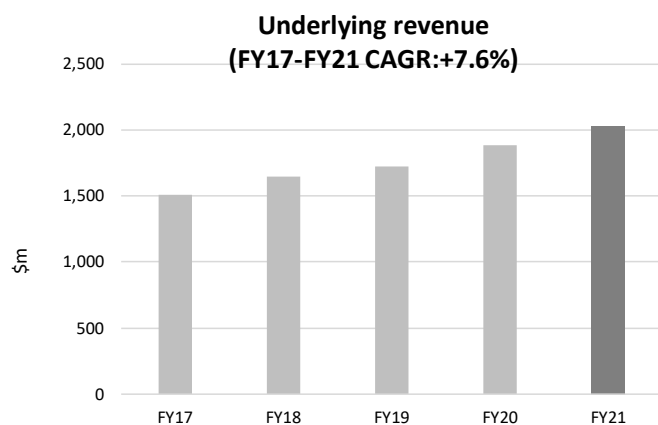


4. Performance CONTINUED

b. Performance – 5 years to end of FY21 (continued)

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

However, for reasons noted above, the significant value created from Qube's MLP development has been reflected in Qube's market capitalisation and share price performance, but not in Qube's underlying financial metrics such as revenue, EBITDA, NPATA or EPSA.



5. Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes superannuation contributions, other salary sacrificed benefits, and non-monetary benefits received. For Executive KMP, TFR is targeted to be competitive relative to the reference group, depending on experience, international marketability and mobility of the executive concerned. The judgement on competitiveness takes into account the incentive opportunity that leverages off TFR and likely total remuneration.

An annual TFR review budget, agreed by the Board each year, is used to adjust TFRs paid to individuals to ensure that their fixed remuneration with incentives remains competitive for their specific skills, competence, and value to the Company. Continuing the work commenced in FY20 to reduce costs, and cognisant of market conditions, the Board determined there would be no Fixed remuneration increases for the FY21 year.

6. Short-Term Incentive

a. Key terms

Executive KMP have the opportunity to earn an annual STI which is based on a percentage of his or her TFR. The STI percentage increases with seniority to ensure a higher proportion of remuneration is "at risk" for senior employees. The key terms and conditions of the FY21 Short-Term Incentive Plan are described below:

Participation	The Managing Director and other KMP
Purpose	To align individual performance and behaviours with Group objectives, and provide individuals with a competitive market position for total reward (i.e. variable and fixed pay components).
Grant date	23 October 2020
Eligibility	Those considered for participation in the plan must be able to impact the performance of their own work area, their business or function and also contribute to the Group's overall performance.
Performance period	One year
Target and maximum opportunity	In FY21, the maximum STI opportunity for the Managing Director is 140% of Fixed Remuneration and for the other KMP, the maximum STI opportunity is approximately 95% of Fixed Remuneration. The maximum STI opportunity was reduced from 140% to 120% of the target STI opportunity for FY21 only.
Performance conditions	The performance scorecard contains a mix of financial hurdles (50%), safety hurdles (5%-10%) and non-financial hurdles linked to strategy and growth (30%-35%) and business and operations (10%). This provides an appropriate balance between focussing on achieving short term financial outcomes and achieving key operational and strategic priorities that support longer term value creation. Participants are then provided with specific performance conditions aligned to their role where appropriate.
Gateway	40% of safety component is subject to a no-fatality gateway
Board Discretion	The Board has discretion to further reduce safety award outcomes due to fatalities.
Payments	50% of any STI payment is taken at the end of the performance period, following release of the financial results.
Deferral	50% of any STI payment is deferred for 1 year. Payment is made following the release of the subsequent year financial results.
Share election	At the time of grant the Participant may elect to take all or part of any STI payment in shares
Resignation	If the participant resigns during the financial year, the STI grant for that financial year is not awarded. If the participant's employment is terminated as a "bad leaver" during the following financial year the deferred component of the STI is forfeited.
Malus	If there has been a material misstatement of the annual financial statements or a participant breaches a post-employment condition all or part of the deferred component of the STI is forfeited.

6. Short-Term Incentive CONTINUED

a. Key terms (continued)

Name of plan	STI Deferred Share Plan
Year(s) of grant	2020
Participants	All Executive KMP
Instruments Issued	Cash or shares (at election of participant)
Vesting	1 year from performance period end. Payment is made after release of full year financial results.
Acquisition of shares	Board discretion to issue shares by the company and held by the participant subject to the satisfaction of the vesting conditions or purchased on-market.
Treatment of dividends	Shares have voting and dividend rights
Treatment on termination	If the participant's employment is terminated as a "bad leaver" during the following financial year the deferred component of the STI is forfeited.
Change of control	On a Change of control, a participant will be immediately entitled to receive the payment.

b. FY21 Financial Targets

In setting the financial targets for the FY21 STI, the Board was mindful of the significant uncertainty created by the impact of COVID-19 in May and June 2020, and the resulting difficulty in accurately forecasting the impact that this would have on Qube's volumes, revenue, costs, and earnings in FY21. Based on the outlook for Qube's key markets and the broader economy at the time the targets were set, the Board adopted what were considered to be challenging financial hurdles to achieve the target STI that assumed a meaningful improvement in conditions in most of Qube's markets during the period. Despite the uncertainty, the Board considered it was important to set budgets and targets rather than not do so.

In recognition of the inherent uncertainty regarding the outlook, for the FY21 STI only, the Board used discretion to amend the earnings range applicable to the financial target hurdles. The minimum threshold required for the financial KPI to be awarded was lowered from 90% of target to 80% of target; and the maximum STI outcome was lowered from 140% of the target STI to 120% of target STI. The Board determined that this represented a balanced approach to addressing the extreme uncertainty and ensuring continued alignment between management and shareholders; and as a result, there would be no adjustments to the STI assessment should the actual impact of COVID-19 be more or less severe than anticipated when the targets were set.

Qube's actual outperformance against the financial targets reflects very strong operational performance; effective cost control; accretive growth capital expenditure; as well as a more rapid recovery in volumes in some of Qube's markets compared to original expectations. These positives were partly offset by the impact of trade sanctions by China; ongoing labour shortages in Western Australia (WA) made even more acute by lack of notice in WA lockdowns and those in other states and ongoing costs associated with revised operating practices to ensure a COVID-19 safe environment for Qube's workforce.

6. Short-Term Incentive CONTINUED

c. Managing Director and other Executive KMP STI Performance Scorecard

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

Performance Measures	Description	Weighting		Reason Chosen	Performance Assessment
		MD	Other Executive KMP		
Financial Performance					
Group Budget NPATA	Based on underlying Budget NPATA, a sliding scale applies for outperformance against Target. If the Adjusted Group Budget NPATA is 80% or less than Target, 0%. Between 81% and 120% of Target, a multiplier of 5% to 120% applies on a sliding scale.	30%	30%	<u>Group Budget NPATA</u> : Focuses the Managing Director and other Executive KMP on the delivery of financial results in the year. The weighting of 30% provides a strong correlation between financial performance and STI outcomes. Focuses the Executive KMP on the delivery of the overall financial results for the Group in the year, including equity investments such as Patrick. Promotes a "one-Qube" culture.	The Adjusted Group NPATA outperformed the Target by 21%. Adjusted Group NPATA for FY21 was 21.9% higher than FY20.
Budget EBITA – Operating Division	Based on underlying Budget EBITA, a sliding scale applies for outperformance against Target. If the Adjusted Budget EBITA is 80% or less than Target, 0%. Between 81% and 120% of Target, a multiplier of 5% to 120% applies on a sliding scale.	10%	10% - 20%	<u>Divisional Budget EBITA</u> focuses the Managing Director and other Executive KMP on the delivery of financial result for the year for each Division. Ensures focus on particular division for each Executive KMP and that financial performance of each Division is determinative of the STI outcome and that outperformance in one division is not netted off against the other division in assessing STI outcomes. The EBITA weighting of up to 20% provides a strong correlation between financial performance and STI outcomes. Encourages the Executive KMP to promote integrated logistics solutions for customers across different businesses within Qube.	The Adjusted EBITA Operating Division outperformed the Target. Adjusted EBITA Operating Division for FY21 was 13% higher than FY20. Cost cutting initiatives enabled the Division to mitigate against the impacts of COVID-19.
Budget EBITA – Property	Based on underlying Budget EBITA, a sliding scale applies for outperformance against Target as per above.	10%	10%		The Adjusted EBITA Property Division outperformed the Target. Earnings from this Division were impacted lower fees from Moorebank Intermodal Company, and the sale of the Minto property.
Safety and Health					
Safety Targets (40% weighting of Target)	Performance against targets for LTIFR, TRIFR, Class 3 environmental incidents, corrective action closure within due date and critical incident frequency rate. No fatalities gateway applies.	10%	5-10%	Qube is committed to the safety and wellbeing of all of its employees. Safety leadership behaviours support outcomes in assessing the overall performance of the Managing Director and each senior executive. Safety is assessed against both leading initiatives and lagging measures to focus improvement on safety risk management. In the event of a fatality 40% of the Safety score is automatically forfeited. The Board has absolute discretion to further reduce total safety KPI outcomes to zero in the event of a fatality.	Performance against the Safety Targets for LTIFR, TRIFR, CIFR and Class 3 environmental incidents was at 86% of Target. There were no fatalities during the period and the CIFR rate is decreasing. Performance against target varied by business unit.
SHS Priorities and Initiatives (60% weighting of Target)	Implementation of SHS priorities and new initiatives that have the potential to improve safety performance,				

6. Short-Term Incentive CONTINUED

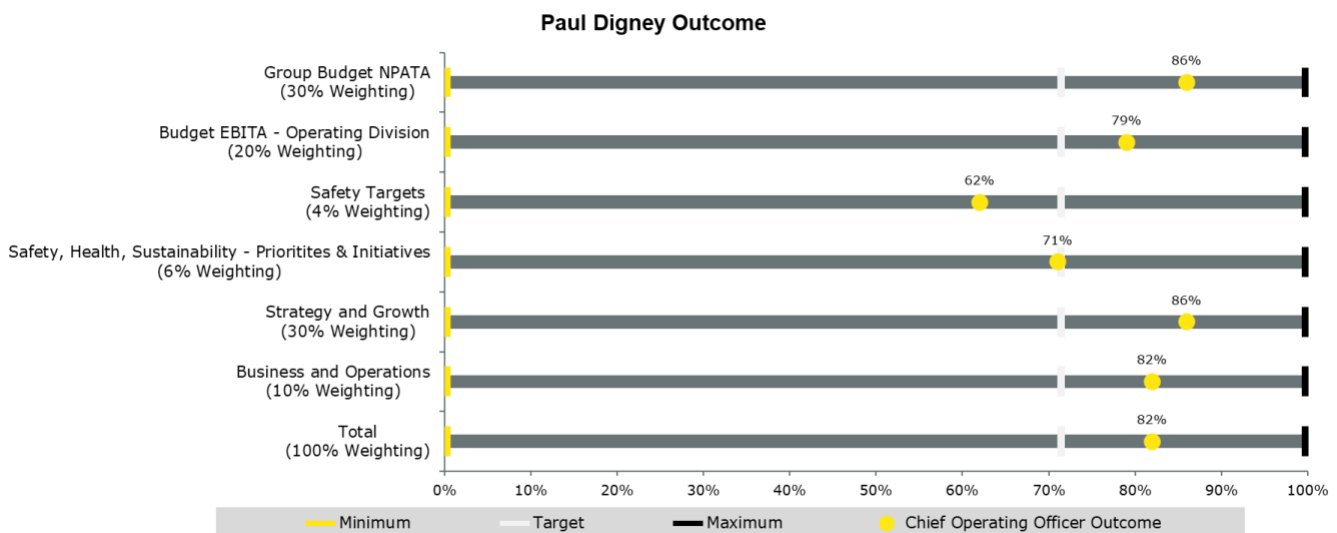
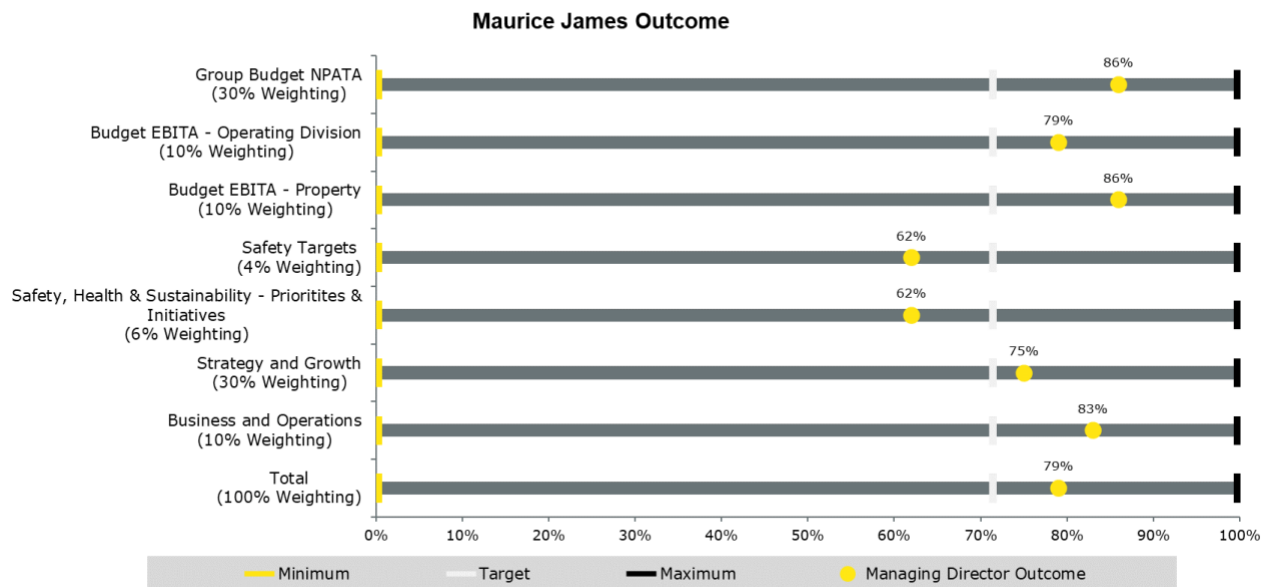
c. Managing Director and other Executive KMP STI Performance Scorecard (continued)

Performance Measures	Description	Weighting		Reason Chosen	Performance Assessment
		MD	Other Executive KMP		
Strategy and Growth					
Managing Director	Performance in implementing Group strategy; delivering planning milestones, finalisation of the Minto sale; optimising the Moorebank monetisation; delivering Patrick budget and business development initiatives.	30%		To ensure the executive key management personnel are focussed on a range of objectives that supports the growth of the Group. Strategy and growth measures are tailored for each Executive KMP to reflect their areas of responsibility and accountability.	Successful finalisation of the Minto sale; Finalised the preferred Moorebank Monetisation project outcome and work toward completion; Implemented revised Moorebank Intermodal Company (MIC) engagement strategy; Completed review of Qube's investment in Patrick. Pending issues with MIC not yet resolved; Patrick EA negotiations are not yet complete.
Executive KMP	Performance hurdles for the Executive KMP are established on an annual basis by the Managing Director and approved by the Nomination and Remuneration Committee. For the COO, the KPIs include the identification, execution and integration of acquisitions consistent with the Group strategy and other initiatives to deliver sustainable earnings growth, for the CFO, the KPIs include implementing effective funding strategies and for the General Counsel and Company Secretary, legal strategies to support the growth and objectives of the business units and Group.		30% - 35%		Delivered on budgeted earnings in spite of COVID-19 related issues. Effective growth of Ports & Energy business. Finalisation of Minto sale. Successful management of entitlement proceeds with sufficient liquidity available for organic growth and acquisitions. Successful implementation of growth projects and recent acquisitions. Continued productive negotiations with Logos regarding Moorebank.
Business and Operations					
Managing Director	Delivery of key priorities in risk management as determined by the Audit and Risk Management Committee and Safety Health and Sustainability Committee, predominantly in relation to Moorebank and Patrick. Succession planning, deliver improved HR reporting, effective stakeholder management including investors, government, customers, port authorities, effective management of Board priorities.	10%		To ensure the key management personnel are focussed on a range of objectives that support the sustainability of the Group's business and operations.	During the period, key priorities in risk management including development of the Risk Appetite Statement and improved processes that were implemented. Succession plan delivered successfully. Participated in industry and government COVID-19 related briefings.
Executive KMP	The KPIs include delivery on key priorities in risk management as determined by the Audit and Risk Management Committee and Safety Health and Environment Committee, maintaining effective financial models and develop legal strategies to achieve the Company's objectives.		10%		Risk appetite statement presented to MD and Board. Very successful management of COVID-19 impacts during business continuity plans, communicate to employees, customers and other stakeholders. Successfully transitioned management and reporting of AAT and Quattro into Operating Division.

6. Short-Term Incentive CONTINUED

d. Managing Director and other Executive KMP STI Performance Outcomes

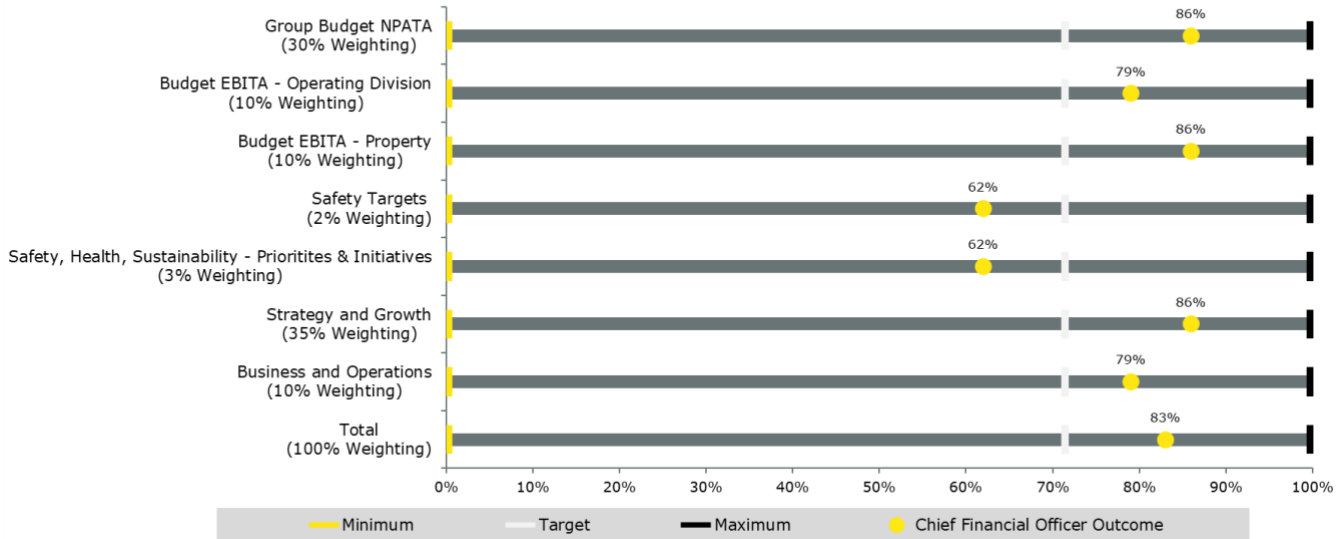
Specific STI outcomes for each of the Executive KMP are indicated in the charts below. The outcomes for each metric shown in the charts represent the dollar value of the STI actually awarded for that component of the FY21 STI Award as a percentage of the maximum value that could potentially be awarded for that component:



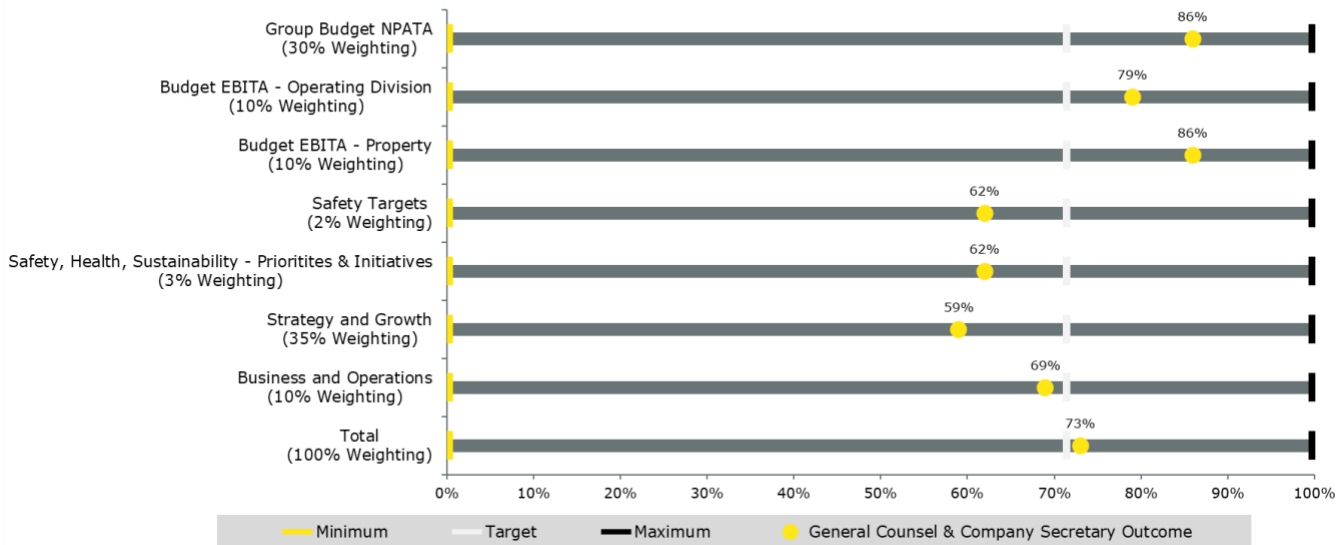
6. Short-Term Incentive CONTINUED

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

Paul Lewis Outcome



William Hara Outcome



7. Long-Term Incentive

a. Current Long-Term Incentive Plan

Qube's current long-term incentive plan is the share appreciation rights (SARs) plan or LTI (SARs) plan to retain and reward executives for effectively delivering Qube's strategy; including delivering underlying earnings growth and the successful integration, operation, and development of Qube's assets. SARs are strongly aligned with the interests of shareholders and only have value if the share price appreciates over an approximate three-year period. The value of any share appreciation is delivered to the participant in shares issued at the Vesting Price that are subject to trading restriction for a further two years; continuing the alignment between shareholders' and managements' interests. Grants of SARs have been made under this plan each financial year since FY17. A summary of the terms of this plan for each of the tranches that have been granted is set out in the table below and in Section 11b(ii) of this report. Shareholders approved the issue of shares pursuant to these LTI plans at the Annual General Meetings held in November 2016, November 2017, November 2018, November 2019, and November 2020.

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube
Purpose	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.
Eligibility	All Executive KMP
Instrument	Share Appreciation Rights, with an intrinsic share price hurdle.
Maximum value of equity to be granted	In FY21 the maximum LTI opportunity for the Managing Director is 117% of Fixed Remuneration, and for the other KMP, the maximum opportunity for FY21 is approximately 82% of Fixed Remuneration.
Amount payable	SARs are issued for nil consideration.
Performance condition	As at the Vesting Date the share price must be higher than the Initial Price (exercise price) for the SARs to have any value. The Initial Prices for the SARs are: FY17 LTI (SAR) - \$2.53 FY18 LTI (SAR) - \$2.51 FY19 LTI (SAR) - \$2.61 FY20 LTI (SAR) - \$3.10 FY21 LTI (SAR) - \$2.75 The Initial Prices have been adjusted for special dividends and the discount component of entitlement offers in accordance with market practice.
Performance period	3 years
Vesting price	The volume-weighted average price (VWAP) of Qube Shares calculated over the 30 trading days prior to and including the Vesting Date
Vesting date	The date of release of audited financial statements, approximately 3 years after the date of grant
Retention period	2 years from the Vesting date
Dividends	Dividends are not paid on SARs but are paid on vested Shares including during the Retention Period
Retesting	No retesting is permitted.
Treatment on termination	If participant resigns during the financial year, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI will be forfeited.

b. FY21 LTI grant

Grant date	Vesting date	Expiry date*	Initial price	Value per right at grant date**
24-Aug-20	24-Aug-23	24-Aug-25	\$2.75	\$0.45

* End of holding lock period.

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

8. 2021 Remuneration Outcomes Snapshot

a. Short-Term Incentive Outcomes

Managing Director and other Executive KMP STI Performance Outcomes

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

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

Budgeted earnings from assumed acquisitions and growth capex that did not proceed were excluded from the Targets. Budgeted earnings from assets that were sold in the period were also excluded. Forecast earnings from unbudgeted acquisitions and growth capex that did proceed, raised the Targets. These adjustments were required so that Executive KMP are incentivised to only pursue appropriate investment and disposals that meet Qube's criteria and are measured against actual investment outcomes; rather than being unfairly penalised or rewarded due to variances to expectations at the start of the period.

The budgeted interest expense was adjusted for material variances to the Target capex (having regards to both quantum and timing variances), as well as material changes to the Target funding sources.

The net effect of these adjustments in FY21 was to increase the financial Targets that had to be achieved.

Though Qube's earnings did not benefit materially from the JobKeeper program, JobKeeper benefits were repaid and included as an expense when calculating the achievement of financial KPIs. The Committee noted, but it was not included in the financial results, that had management understood JobKeeper would ultimately be voluntarily repaid, they would have planned further cost reductions thus increasing the financial outcomes relative to Targets.

The Board exercised discretion to reduce the maximum STI achievable in FY21 from 140% of target to 120% of target given uncertainty, at the beginning of the period, around potential maximum outcomes during a pandemic.

The final outcome and scorecard outcomes can be seen in the table in Section 6.

Outcomes are summarised in the table below:

STI Component	Achievement (outcome as % of maximum STI opportunity)
Financial KPIs	MD: 84.3% of maximum
	COO: 82.9% of maximum
	CFO: 84.3% of maximum
	GC & Company Secretary: 84.3% of maximum
Safety, Health and Sustainability KPIs	MD: 61.5% of maximum
	COO: 65.2% of maximum
	CFO: 61.5% of maximum
	GC & Company Secretary: 61.5% of maximum
Other non-financial KPIs	MD: 76.8% of maximum
	COO: 84.8% of maximum
	CFO: 84.1% of maximum
	GC & Company Secretary: 61.4% of maximum
Overall Result	MD: 79.1% of maximum
	COO: 81.9% of maximum
	CFO: 83.1% of maximum
	GC & Company Secretary: 72.9% of maximum

8. 2021 Remuneration Outcomes Snapshot CONTINUED

a. Short-Term Incentive Outcomes (continued)

STI awards and rights to equity-settled compensation

Name	FY	Value of STI award (\$)			STI award as % of Target opportunity	STI award as % of Maximum opportunity	Expensed during the year	Award vested	Value yet to vest
		Cash	Shares	Total	%	%	(\$)*	%	(\$)
Managing Director									
Maurice James	2021	1,723,000	-	1,723,000	110.7%	79.1%	1,585,500	50%	861,500
	2020	1,173,000	-	1,173,000	75.3%	53.8%	1,227,000	50%	586,500
Other KMP									
Paul Digney	2021	685,000	-	685,000	114.7%	81.9%	643,000	50%	342,500
	2020	517,000	-	517,000	86.6%	61.9%	540,750	50%	258,500
William Hara	2021	-	551,000	551,000	102.1%	72.9%	510,000	50%	275,500
	2020	-	387,000	387,000	71.7%	51.2%	408,000	50%	193,500
Paul Lewis	2021	424,500	141,500	566,000	116.4%	83.1%	523,500	50%	283,000
	2020	297,000	99,000	396,000	81.4%	58.1%	427,500	50%	198,000
Greg Pauline**	2021	-	-	-	n/a	n/a	76,500	50%	-
	2020	153,000	153,000	306,000	60.1%	42.9%	347,500	50%	153,000

* Comprises 75% of current year and 25% of prior year STI award

** Greg Pauline resigned effective 10 July 2020

b. FY18 LTI (SARs) Plan

In FY21, the share appreciation rights (SARs) granted under the FY18 LTI (SARs) Plan vested with management receiving approximately 58% of the value of the SARs that were issued.

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

The initial price for the SARs* at the Award Date of 29 September 2017 was \$2.58 which was adjusted to \$2.51 as a result of corporate actions undertaken during the period from the Award Date to the Vesting Date. The vesting price at the Vesting Date of 28 September 2020 was \$2.75. Over the three-year performance period between the Award Date and the Vesting Date, the value of a vested SAR was therefore \$0.24 (being the difference between \$2.75 and \$2.51). This was lower than the value of the SAR awarded to management of \$0.43 per SAR meaning that the value received by participants in the Plan on the Vesting Date was lower than the value of the LTI awarded to them as part of their remuneration.

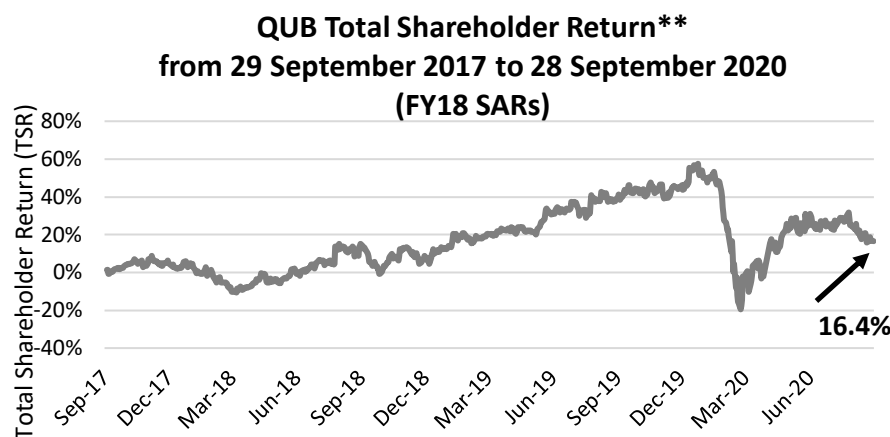
A participant in the FY18 LTI Plan who was issued \$100,000 worth of SARs would have received around 238,973 SARs* (being \$100,000 / \$0.43 plus an additional 6,415 SARs as a result of corporate actions during the vesting period). On vesting, these SARs had a value of \$57,760 (being approximately 238,973 x \$0.24) which represents around 58% of the value of the LTI awarded.

Consistent with the terms of the Plan, the value of the vested SARs was converted into fully-paid Qube shares based on the vesting share price of \$2.75 per share; and these shares are subject to a two-year holding lock until September 2022.

Over the corresponding period of the SARs vesting period, Qube's total shareholder return (TSR) was around 16.4%.

8. 2021 Remuneration Outcomes Snapshot CONTINUED

b. FY18 LTI (SARs) Plan (continued)



* In accordance with ASX guidelines for options and market practice, adjusted for special dividends in the period and the discount component of entitlement offers.

** Assuming reinvestment of dividends into share repurchases at the ex-dividend spot price.

Name	At Allocation Date		At Vesting Date		
	Number of SARs Allocated	Award Value Granted (\$)	Number of Qube Shares Allocated	Award Value Received (\$)	Award Value Received Compared to Award Value Granted (%)
Managing Director					
Maurice James	3,486,977	1,499,400	314,652	886,048	58%
Other key management personnel					
Paul Digney	1,541,860	663,000	139,132	382,947	58%
William Hara	1,387,674	596,000	125,219	344,653	58%
Paul Lewis	1,233,488	530,400	111,306	306,359	58%
Greg Pauline	596,368	256,438	53,815	148,120	58%

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

The table on the following page sets out details of the take home pay of Qube's Managing Director and other Executive KMP i.e., the gross salary package and actual incentives paid in FY21 consistent with the STI and LTI outcomes described in Section 8. This table has been included to give shareholders a better understanding of the amounts the Managing Director and other Executive KMP were entitled to receive for each component of remuneration during FY21. This information is not compliant with International Financial Reporting Standards and is unaudited. The full statutory remuneration table (which is prepared in accordance with the accounting standards) can be found in Section 11 of this report.

The table shows:

- Total Fixed Remuneration changes were impacted by our response to COVID-19 at the end of FY20, whereby some Executive KMP took leave without pay during the last quarter of FY20 to support cost-reduction initiatives. Whilst no Executive KMP received pay increases moving into FY21, their prior remuneration levels were restored at the commencement of the FY21 year.
- Despite the challenging economic environment during FY21, the higher short-term incentives paid this year reflect the robust financial performance of the Company compared to last year.

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

- Vested long-term incentives were comprised of SARs. SARs vested in FY21 had a higher value than FY20 due to delivering superior shareholder value during the performance period.

Name	Fixed annual remuneration (\$) ¹	Current year STI non deferred component (\$) ²	Prior year STI deferred component (\$) ²	Vested long term incentives (\$) ³	Termination Benefits	Total take home pay (\$)	Performance related remuneration (%)
Managing Director							
Maurice James							
FY21	1,337,806	861,500	586,500	1,394,791	-	4,180,597	68%
FY20	1,167,688	586,500	694,500	1,093,954	-	3,542,642	67%
Other key management personnel							
Paul Digney							
FY21	817,523	342,500	258,500	616,744	-	2,035,267	60%
FY20	814,217	258,500	306,000	483,349	-	1,862,066	56%
William Hara							
FY21	602,190	275,500	193,500	555,070	-	1,626,260	63%
FY20	573,384	193,500	235,500	435,349	-	1,437,733	60%
Paul Lewis							
FY21	676,657	283,000	198,000	493,395	-	1,651,052	59%
FY20	672,603	198,000	261,000	386,977	-	1,518,580	56%
Greg Pauline ⁴							
FY21	18,814	-	153,000	238,547	306,643	717,004	55%
FY20	620,377	153,000	236,000	-	-	1,009,377	39%

- Fixed annual remuneration is based on current gross salary package, which includes base salary, superannuation contributions and the value of non-monetary benefits provided to the executive (inclusive of all taxes); but excludes accrued leave and adjusted for leave taken without pay.

NB: There were no Fixed remuneration increases awarded to Executive KMP for the FY21 year. The higher sums in FY21 in comparison to FY20 in some instances are cognisant of the executive's decision to take voluntary reductions in fixed pay or access leave without pay whilst continuing to work full-time in order to reduce their remuneration in the fourth quarter of FY20 as part of Qube's response to COVID-19.
- Current year STI non-deferred component represents the actual STI to be paid in September 2021 being 50% of the FY21 STI award. The remaining 50% of the FY21 STI award is deferred and will be paid around September 2022. The prior year STI deferred component represents 50% of the FY20 STI award.
- Vested long-term incentives represent the value of the equity instruments at the date of the grant of the long-term incentives which have vested in the year. For FY21, this includes the FY18 LTI plan. Refer to Sections 7 and 8 of this report for more detail.
- Mr Pauline resigned from Qube during the FY21 year, effective 10 July 2020

10. Employment Conditions

Service agreements

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

The service agreements for the key management personnel (other than the Managing Director) may be terminated by either party with notice as detailed below. The service agreement for the Managing Director provides for six months' notice by the executive and 12 months' notice by the Company.

Name	Term of agreement	Fixed remuneration including superannuation*	Termination Notice Period**
Maurice James, Managing Director	Commenced 1 September 2011, resigned effective 31 December 2021	\$1,334,500 per annum	6 months' by employee 12 months by Company
Paul Digney, Chief Operating Officer	On-going commencing 1 September 2011	\$814,217 per annum	6 months by either party
William Hara, Company Secretary and General Counsel	On-going commencing 21 January 2013	\$591,865 per annum***	6 months by either party
Paul Lewis, Chief Financial Officer	On-going commencing 1 September 2011	\$663,026 per annum***	6 months by either party
Greg Pauline, Director Infrastructure & Property Division	Commenced 4 December 2017, resigned effective 10 July 2020	\$610,800 per annum***	6 months by either party

* Fixed Remuneration quoted is for FY21; reviewed annually by the Committee.

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

*** Excludes non-monetary benefits.

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

Condition	Description
Term	Until terminated by either party
Fixed Remuneration	\$1,334,500 per annum. Fixed remuneration includes superannuation and non-cash benefits.
Short term incentive	Mr James is eligible to receive an annual STI and the maximum STI opportunity is 164% of fixed remuneration.
Long term incentive	Mr James is eligible to receive an annual LTI grant and the maximum LTI opportunity is 117% of fixed remuneration.
Termination	Mr James is required to provide six months' notice in the event of resignation, the Company is required to provide twelve months' notice to Mr James in the event of termination of employment. The Company may elect to pay Mr James in lieu of part or all of the notice period provided by either party. The agreement provides for the Company, at its discretion, to place Mr James on garden leave and/or to enforce restraint of trade provisions within Australia for up to twelve months post termination of employment as considered reasonable.
Other	The agreement contains provisions regarding leave entitlements, duties, confidentiality, intellectual property, moral rights and other facilitative and ancillary clauses. It also contains provisions regarding corporate governance and a provision dealing with the Corporations Act 2001 (Cth) limits on termination benefits to be made to Mr James.

11. Statutory Remuneration Disclosures

a. Total Executive KMP remuneration

Details of the remuneration of key management personnel of the Group is set out in the following table:

Name	Short term employee benefits			Post-employment benefits		Long term benefits	Other	Total
	Cash salary and fees	Incentive award (cash and shares)*	Non-monetary benefits	Super-annuation	Long service leave	Long term incentive	Termination Benefits	
	\$	\$	\$	\$	\$	\$	\$	
Executive Directors								
Maurice James								
FY21	1,312,806	1,585,500	-	25,000	67,174	1,654,771	-	4,645,251
FY20	1,142,688	1,227,000	-	25,000	35,620	1,498,322	-	3,928,630
Other key management personnel								
Paul Digney								
FY21	792,523	643,000	-	25,000	21,916	764,998	-	2,247,437
FY20	789,217	540,750	-	25,000	38,667	677,567	-	2,071,201
William Hara								
FY21	542,804	510,000	10,325	21,694	20,922	424,445	-	1,530,190
FY20	542,804	408,000	9,577	21,003	6,170	478,448	-	1,466,002
Paul Lewis								
FY21	641,332	523,500	10,325	25,000	12,147	617,063	-	1,829,367
FY20	638,026	427,500	9,577	25,000	32,288	544,342	-	1,676,733
Greg Pauline**								
FY21	17,076	76,500	-	1,738	-	194,183	306,643	596,140
FY20	585,800	347,500	9,577	25,000	2584	319,291	-	1,289,752

* Incentive award represents 25% of the FY20 STI, plus 75% of the approved FY21 STI; the remaining 25% of the FY21 STI will be recognised in FY21 subject to certain conditions being met.

** Mr Pauline resigned from Qube during the FY21 year, effective 10th July 2020

Of the cash incentive awards to Executive KMP awarded in FY20, 50% are to be paid in September 2020. The remaining 50% are deferred for one year.

There were no Fixed remuneration increases awarded to Executive KMP for the FY21 year. The higher sums in FY21 in comparison to FY20 in some instances are cognisant of the executive's decision to take voluntary reductions in fixed pay or access leave without pay whilst continuing to work full-time in order to reduce their remuneration in the fourth quarter of FY20 as part of Qube's response to COVID-19.

b. Equity-settled compensation

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

In FY20 and FY21 Qube offered eligible senior executives the option to elect to take all or any portion of their FY20 and FY21 STI payment in Qube shares. Eligible senior executives were required to make this election shortly after the offer was made.

To determine the maximum number of STI share rights to be granted under the STI to eligible senior executives, the maximum value of the STI subject to the election, was divided by the volume weighted average price of Qube shares calculated over 30 trading days, 15 prior and including, and 15 post, the results release date.

At the end of the financial year the actual STI to be awarded to the executive is calculated as a percentage of the maximum STI grant. Of the total STI share rights awarded, 50% are subject to a service condition and the allocation is deferred until 12 months after the amount of the STI is determined.

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

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

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

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

Name	Election Date	Total Target STI opportunity (\$)	Target STI Forfeited %	Value of STI award (\$)	Expensed during the year (\$)*	Award vested %	Value yet to vest (\$)
Managing Director							
Maurice James	Sep-20	1,556,917	0%	1,723,000	1,585,500	50%	861,500
	Sep-19	1,556,917	25%	1,173,000	1,227,000	50%	586,500
Other key management personnel							
Paul Digney	Sep-20	597,092	0%	685,000	643,000	50%	342,500
	Sep-19	597,092	13%	517,000	540,750	50%	258,500
William Hara	Sep-20	539,540	0%	551,000	510,000	50%	275,500
	Sep-19	539,540	28%	387,000	408,000	50%	193,500
Paul Lewis	Sep-20	486,219	0%	566,000	523,500	50%	283,000
	Sep-19	486,219	19%	396,000	427,500	50%	198,000
Greg Pauline	Sep-20	509,000	100%	0	76,500	50%	0
	Sep-19	509,000	40%	306,000	347,500	50%	153,000

* Comprises 75% of current year and 25% of prior year STI award

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

Name	Rights may vest	STI award taken as rights		Value per right (\$)	Total no. of rights taken as STI award	No. of rights vested during the year
		Current %	Deferred %			
Executive Directors						
Maurice James	Sept 21 – Sept 22	-	-	-	-	-
	Sept 20 – Sept 21	-	-	-	-	-
Other key management personnel						
Paul Digney	Sept 21 – Sept 22	-	-	-	-	-
	Sept 20 – Sept 21	-	-	-	-	-
William Hara	Sept 21 – Sept 22	100%	100%	2.75	200,189	162,506
	Sept 20 – Sept 21	100%	100%	3.10	124,823	150,284
Paul Lewis	Sept 21 – Sept 22	-	50%	2.75	51,410	31,931
	Sept 20 – Sept 21	-	50%	3.10	31,931	-
Greg Pauline	Sept 21 – Sept 22	-	-	-	-	-
	Sept 20 – Sept 21	100%	-	3.10	49,348	58,154

Notes:

- Figures exclude entitlement relating to dividends earned on shares over the vesting period.
- Vesting of rights shown above are based on the anticipated position at the 1 July 2021 vesting date which is consistent with the STI accrual in the financial statements.
- Comprises 50% of current year and 50% of prior year STI award.
- Number of vested rights during the year comprise the current year non-deferred and the prior year deferred STI components.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

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

In FY17, FY18, FY19, FY20 and FY21 Qube made a grant of Share Appreciation Rights (SARs) to eligible senior executives. The terms and conditions of the grants affecting remuneration in the current or future reporting periods are as follows:

Grant date	Vesting date	Expiry date*	Initial price	Value per right at grant date	Target hurdle for 100% vesting
24-Nov-16	23-Aug-19	16-Sep-21	\$2.56	\$0.32	Completion of service requirement over the vesting period.
29-Sep-17	28-Sep-20	21-Sep-22	\$2.58	\$0.40	Completion of service requirement over the vesting period.
13-Sep-18	13-Sep-21	13-Sep-23	\$2.68	\$0.36	Completion of service requirement over the vesting period.
12-Sep-19	12-Sep-22	12-Sep-24	\$3.15	\$0.43	Completion of service requirement over the vesting period.
24-Aug-20	24-Aug-23	24-Aug-25	\$2.75	\$0.45	Completion of service requirement over the vesting period.

* End of holding lock period.

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

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

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

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

Granted	LTI Plan	Total LTIs granted*	Total value of grant** (\$)	Value per right (\$)	No. of LTIs vested during year
Managing Director					
Maurice James					
Sept 2020	Share Appreciation Rights	3,538,448	1,592,302	0.450	-
Sept 2019	Share Appreciation Rights	4,275,210	1,809,390	0.423	-
Sept 2018	Share Appreciation Rights	4,365,479	1,529,388	0.350	-
Sept 2017	Share Appreciation Rights	3,583,157	1,394,791	0.389	3,583,157
		<u>15,762,294</u>	<u>6,325,871</u>		<u>3,583,157</u>
Other key management personnel					
Paul Digney					
Sept 2020	Share Appreciation Rights	1,727,127	777,207	0.450	-
Sept 2019	Share Appreciation Rights	2,086,743	883,169	0.423	-
Sept 2018	Share Appreciation Rights	1,930,314	676,260	0.350	-
Sept 2017	Share Appreciation Rights	1,584,388	616,744	0.389	1,584,388
		<u>7,328,572</u>	<u>2,953,380</u>		<u>1,584,388</u>
William Hara					
Sept 2020	Share Appreciation Rights	809,773	364,398	0.450	-
Sept 2019	Share Appreciation Rights	978,381	414,078	0.423	-
Sept 2018	Share Appreciation Rights	999,038	350,000	0.350	-
Sept 2017	Share Appreciation Rights	1,425,949	555,070	0.389	1,425,949
		<u>4,213,141</u>	<u>1,683,546</u>		<u>1,425,949</u>
Paul Lewis					
Sept 2020	Share Appreciation Rights	1,406,418	632,888	0.450	-
Sept 2019	Share Appreciation Rights	1,699,257	719,174	0.423	-
Sept 2018	Share Appreciation Rights	1,544,251	541,008	0.350	-
Sept 2017	Share Appreciation Rights	1,267,511	493,395	0.389	1,267,511
		<u>5,917,437</u>	<u>2,386,465</u>		<u>1,267,511</u>
Greg Pauline					
Sept 2019***	Share Appreciation Rights	1,397,687	591,541	0.423	-
Sept 2018***	Share Appreciation Rights	1,429,197	500,000	0.350	-
Sept 2017	Share Appreciation Rights	612,818	238,547	0.389	612,818
		<u>3,439,702</u>	<u>1,330,088</u>		<u>612,818</u>

* Adjusted for entitlement offer.

** Value adjusted for actual and expected vesting outcomes.

*** Not adjusted for pro-rata vesting.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation (continued)

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

Granted	Vested (%)	Vested number*	Forfeited (%)	Financial years in which rights may vest	Value yet to vest (\$)	Amount expensed during the year (\$)
Managing Director						
Maurice James						
Sep-20	0%	-	0%	FY24	1,592,302	270,541
Sep-19	0%	-	0%	FY23	1,809,390	659,219
Sep-18	0%	-	0%	FY22	1,529,388	436,749
Sep-17	100%	3,583,157	0%	FY21	-	288,262
		<u>3,583,157</u>			<u>4,931,080</u>	<u>1,654,771</u>
Other key management personnel						
Paul Digney						
Sep-20	0%	-	0%	FY24	777,207	140,701
Sep-19	0%	-	0%	FY23	883,169	213,179
Sep-18	0%	-	0%	FY22	676,260	291,491
Sep-17	100%	1,584,388	0%	FY21	-	119,627
		<u>1,584,388</u>			<u>2,336,636</u>	<u>764,998</u>
William Hara						
Sep-20	0%	-	0%	FY24	364,398	65,969
Sep-19	0%	-	0%	FY23	414,078	99,950
Sep-18	0%	-	0%	FY22	350,000	150,862
Sep-17	100%	1,425,949	0%	FY21	-	107,664
		<u>1,425,949</u>			<u>1,128,476</u>	<u>424,445</u>
Paul Lewis						
Sep-20	0%	-	0%	FY24	632,888	114,574
Sep-19	0%	-	0%	FY23	719,174	173,594
Sep-18	0%	-	0%	FY22	541,008	233,193
Sep-17	100%	1,267,511	0%	FY21	-	95,702
		<u>1,267,511</u>			<u>1,893,070</u>	<u>617,063</u>
Greg Pauline						
Sep-19**	0%	-	73%	FY23	159,217	52,128
Sep-18**	0%	-	39%	FY22	306,993	95,785
Sep-17	100%	612,818	0%	FY21	-	46,270
		<u>612,818</u>			<u>466,210</u>	<u>194,183</u>

* Adjusted for entitlement offer.

** Adjusted for pro-rata vesting.

11. Statutory Remuneration Disclosures CONTINUED

c. Equity instruments held by key management personnel

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

- (a) options and rights over ordinary shares in the Company, share appreciation rights; and,
- (b) shares in the Company

that were held during the financial year by key management personnel of the Group; including their close family members and entities related to them.

(i) Options and rights

Options

2021 Name	Balance at the start of the year*	Granted as compensation LTI	Lapsed	Cancelled for net value**	Other changes*	Balance at the end of the year	Unvested
Maurice James	1,551,583	-	-	-	-	1,551,583	-
Paul Digney	581,844	-	-	-	-	581,844	-
William Hara	1,913,620	-	-	(1,357,635)	-	555,985	-
Paul Lewis	-	-	-	-	-	-	-
Greg Pauline	-	-	-	-	-	-	-

* Includes adjustment for entitlement offer.

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

Rights to Shares

2021 Name	Balance at the start of the year*	Granted as compensation STI**	Lapsed	Exercised	Other changes*	Balance at the end of the year	Unvested
Maurice James	69,361	-	-	(69,361)	-	-	-
Paul Digney	-	-	-	-	-	-	-
William Hara	-	62,886	-	-	-	62,886	62,886
Paul Lewis	-	32,175	-	-	-	32,175	32,175
Greg Pauline	-	-	-	-	-	-	-

* Includes adjustment for entitlement offer.

** FY21 STI taken in shares not included as rights are granted in September 2021. FY20 STI taken in shares is included in opening balance.

Share Appreciation Rights

2021 Name	Balance at the start of the year*	Granted as compensation LTI	Lapsed	Exercised	Other changes	Balance at the end of the year*	Unvested
Maurice James	12,223,846	3,538,448	-	- 3,583,157	-	12,179,137	12,179,137
Paul Digney	5,601,445	1,727,127	-	- 1,584,388	-	5,744,184	5,744,184
William Hara	3,403,369	809,773	-	- 1,425,949	-	2,787,192	2,787,192
Paul Lewis	4,511,019	1,406,418	-	- 1,267,511	-	4,649,926	4,649,926
Greg Pauline	3,437,702	-	(1,572,409)	- 612,818	-	1,252,475	1,252,475

* Includes adjustment for entitlement offer.

11. Statutory Remuneration Disclosures CONTINUED

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

(ii) Ordinary share holdings

2021 Name	Balance at the start of the year	Received during the year as part of an LTI scheme*	Received during the year as part of an STI scheme*	Other changes during the year	Balance at the end of the year
Maurice James	9,715,255	314,652	69,361	-	10,099,268
Paul Digney**	1,303,857	139,132	-	-	1,442,989
William Hara	3,499,041	125,219	64,199	637,105	4,325,564
Paul Lewis	467,948	111,306	-	(195,000)	384,254
Greg Pauline	45,719	53,815	50,762	(96,481)	53,815

* Figures include dividend entitlement and adjustments for incentive award element of entitlement offers under scheme.

**The opening balance for Mr Digney is 205 shares lower than the closing balance in the previous period. Mr Digney, through a 50% interest in an entity called Redrocks Investments, sold 205 shares in Qube Holdings Limited in 2019. This was omitted from the Ordinary share holdings table in the Remuneration Report in 2019 and 2020.

Please note where rights under the STI Plan vested prior to the end of the 2021 financial year, will not be allotted until the 2022 financial year and are thus excluded from the above table.

d. Loans to key management personnel

There were no loans made to directors of Qube Holdings Limited nor any other key management personnel of the Group, including their personally-related parties, during the financial year.

e. Subordinated debt securities

Name	Opening balance as at 1 July 2020	Disposed	Other changes	Balance as at 30 June 2021	Balance as at date of this report
Maurice James	6,000	-	-	6,000	6,000
William Hara	19,000	(3,893)	-	15,107	15,107

12. Non-executive Directors

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

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

a. Directors' fees

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

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. At the 2016 AGM, shareholders approved the fee pool of \$1,400,000 per annum.

The Board Chairman does not receive additional fees for committee membership.

The allocation of fees for FY21 based on responsibility per non-executive director are detailed in the table below, on a full-year basis. The actual fees paid to each non-executive director is recorded in the table in Section 12c and takes into account pro-rata service for those directors who commenced or retired during the year. The total fees paid during the year were \$1,330,316.

Name	Board Committee Fees									
	Board Fees			Audit & Risk Management		Nomination & Remuneration		Safety, Health & Sustainability		Total
	Chair	Deputy Chair	Base Director	Chair	Member	Chair	Member	Chair	Member	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Allan Davies	279,975									279,975
Sam Kaplan		208,467		35,700						244,167
Ross Burney			125,070				15,000			140,070
Peter Dexter			125,070			30,000			15,000	170,070
Nicole Hollows			125,070		17,850					142,920
Stephen Mann			125,070		17,850				15,000	157,920
Jackie McArthur			125,070				15,000		15,000	155,070
Alan Miles			125,070		17,850			30,000		172,920
Sue Palmer			125,070		17,850					142,920
Åge Holm										-
Totals	279,975	208,467	875,490	35,700	71,400	30,000	30,000	30,000	45,000	1,606,032

b. Retirement allowances for non-executive directors

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

12. Non-executive Directors CONTINUED

c. Total remuneration for non-executive directors

Details of remuneration for each non-executive director and the figures for the corresponding period are set out in the table below. All Non-executive directors deferred the previously approved increase in their fees, due 1 July 2020 until 1 July 2021, consistent with Qube's approach to containment of costs in response to COVID-19. There was no fee increase in FY21. The higher fees in 2021 in comparison to 2020 indicated in the table below is due to the 50% reduction in fees incurred by non-executive directors in the final quarter of FY20.

Name	Primary		Post-employment benefits		Total Remuneration
	Cash salary and fees	Non-monetary benefits	Superannuation		
	\$	\$	\$	\$	\$
Non-executive Directors					
Allan Davies ¹					
2021	\$	258,454	- \$	21,521	\$ 279,975
2020	\$	226,190	- \$	18,788	\$ 244,978
Sam Kaplan					
2021	\$	228,325	- \$	15,842	\$ 244,167
2020	\$	203,145	- \$	10,501	\$ 213,646
Ross Burney					
2021	\$	127,918	- \$	12,152	\$ 140,070
2020	\$	111,928	- \$	10,633	\$ 122,561
Peter Dexter ²					
2021	\$	62,950	- \$	5,980	\$ 68,930
2020	\$	135,900	- \$	12,911	\$ 148,811
Nicole Hollows ³					
2021	\$	90,229	- \$	8,572	\$ 98,801
2020		-	-	-	-
Stephen Mann ⁴					
2021	\$	137,674	- \$	13,079	\$ 150,753
2020	\$	86,967	- \$	8,262	\$ 95,229
Jackie McArthur ⁵					
2021	\$	116,339	- \$	11,052	\$ 127,391
2020		-	-	-	-
Alan Miles ⁶					
2021	\$	148,223	- \$	14,081	\$ 162,304
2020	\$	132,857	- \$	12,621	\$ 145,478
Sue Palmer ⁷					
2021	\$	52,900	- \$	5,026	\$ 57,926
2020	\$	114,205	- \$	10,850	\$ 125,055
Åge Holm					
2021		-	-	-	-
2020		-	-	-	-

¹Allan Davies assumed Chair of the N&R Committee from 27 November 2020. As Chair of the Board, no additional fees were paid for Committee roles.

²Peter Dexter retired from the Board 27 November 2020.

³Nicole Hollows appointed to Board 19 October 2020, and appointed Member of ARM Committee 27 November 2020.

⁴Stephen Mann was appointed Member of the ARM Committee effective 27 November 2020.

⁵Jackie McArthur appointed to Board 17 August 2020, and appointed Member of N&R Committee and SHS Committee, both with effect 27 November 2020.

⁶Alan Miles stepped down from ARM Committee, effective 27 November 2020.

⁷Sue Palmer retired from the Board 27 November 2020.

13. Directors' Interests

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

Name	Opening balance as at 1 July 2020	Dividend reinvestment	Disposed	Other changes (Acquired)	Balance as at 30 June 2021	Balance as at date of this report
Allan Davies	3,954,717	-	-	-	3,954,717	3,954,717
Sam Kaplan ¹	1,896,236	-	-	-	1,896,236	1,896,236
Maurice James	9,715,255	-	-	384,013	10,099,268	10,099,268
Ross Burney	-	-	-	-	-	-
Nicole Hollows	-	-	-	10,000	10,000	10,000
Stephen Mann	50,000	-	-	20,253	70,253	70,253
Jackie McArthur	-	-	-	15,265	15,265	15,265
Alan Miles	10,178	-	-	180	10,358	10,358
Paul Digney ²						1,442,989

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

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

² Mr Digney was appointed as Managing Director 1 July 2021.

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

Name	Opening balance as at 1 July 2020	Disposed	Other changes	Balance as at 30 June 2021	Balance as at date of this report
Allan Davies	5,154	-	-	5,154	5,154
Sam Kaplan ¹	3,000	-	-	3,000	3,000
Maurice James	6,000	-	-	6,000	6,000
Ross Burney	-	-	-	-	-
Nicole Hollows	-	-	-	-	-
Jackie McArthur	-	-	-	-	-
Stephen Mann	-	-	-	-	-
Alan Miles	-	-	-	-	-

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

14. Remuneration Governance

a. Nomination and Remuneration Committee

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

The Committee's responsibilities include, among other things:

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

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

Members of the Committee during FY21 were:

- Peter Dexter - Independent Non-executive Director and Chair of the Nomination and Remuneration Committee (until his retirement on 27 November 2020)
- Allan Davies – Independent Non-executive Director (Chairman) and Chair of the Committee (Chairmanship commenced on 27 November 2020)
- Ross Burney – Independent Non-executive Director
- Jackie McArthur – Independent Non-executive Director (appointed on 27 November 2020)

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

Under its Charter, the Committee is to meet as requested by the Committee Chair, but not less than once a year. The Committee held 9 scheduled meetings, and a further 10 unscheduled meetings during 2021. The Committee also met informally on a number of occasions to progress issues on foot and consider other matters as they arose.

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

During the 2021 financial year, external advisors were engaged by management to provide information to the Nomination and Remuneration Committee to assist with making remuneration decisions. Findings were reported directly to the Committee or the Board. The Committee did not seek or receive any remuneration recommendations for the purposes of the Australian *Corporations Act 2001* in the 2021 financial year.

b. Share Trading Policy

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

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

14. Remuneration Governance CONTINUED

c. Changes in FY22

With a view to remuneration for FY22, the Committee have considered results from a benchmarking exercise to align Fixed remuneration with market levels. This included a rebalancing of Fixed and Variable remuneration within the remuneration packages of the MD and other Executive KMP.

STI scorecards will be consistent across all Executive KMP in FY22. Executives will have 50% financial weighting. Group NPATA will represent the financial performance condition for corporate executives. Divisional head KMPs will have an equal split between Group EBITA and divisional EBITA. Non-financial hurdles will consist of 25-30% strategy and growth; 10-15% business and operations; and 10% SHS for all executives.

Executives will no longer elect to receive STI payments in the form of preference. Payments will be made 50% in cash and 50% deferred for one year and payable in restricted shares, subject to a mandatory shareholding (MSR) policy. In the event the Executive already holds shares in excess of the MSR, they may elect to take the balance of their deferred component in cash.

There will be one more grant of SARs in FY22 prior to finalisation of Moorebank's sale process. SARs are expected to be replaced by performance rights in FY23, with external performance conditions.

Executive KMP incentive opportunities will be consistent and aligned to market levels. A minimum shareholding requirement (MSR) policy will be introduced to increase alignment with the interests of Qube shareholders by imposing a requirement that Executive KMP build over time, and then maintain, a minimum shareholding equal to a percentage of Fixed Remuneration.

A NED Equity Plan is expected to be introduced, where Non-Executive Directors are required to accumulate shareholdings. Further detail will be made available during the financial year.

An independent NED fee review was conducted in FY21, with the resulting conclusion that Qube director fees are significantly below market. We will be seeking to increase NED fees to market levels in FY22 to remain competitive in retaining and attracting exceptional directors in the market.

Annexure 1 - Glossary

Glossary

Managing Director	The Chief Executive Officer of the company who is also a Board member.
KMP	Key Management Personnel, are those with authority and responsibility for planning, directing and controlling the activities of the entity.
Non-executive Directors	A non-executive director is a member of a company's board of directors who is not part of the executive team. A non-executive director typically does not engage in the day-to-day management of the organization but is involved in policymaking and planning exercises.
Fixed Remuneration	The Fixed component of a remuneration package, generally consisting of base salary and superannuation, it may also include other guaranteed cash and benefits for example the value of a company motor vehicle.
STI	Short term incentive, part of an executive's variable or 'at risk' pay.
LTI	Long term incentive, part of an executive's variable or 'at risk' pay.
SARs	Share Appreciation Rights, entitle the participant to a payment in shares equal to the appreciation in the company's stock over a specified period.
Performance Rights	A contractual right to receive a given number of ordinary shares if a nominated performance milestone is achieved.
Options	An option to subscribe for or purchase ordinary shares that can be exercised if a performance condition is achieved.
Amortisation	A regular repayment of an asset over a fixed time period. For example, if a \$12,000 loan is amortised over one year without any interest, the monthly repayments will be \$1,000.
EBITA	Earnings before interest, income tax expense and amortisation. An indicator of a company's operational profitability.
NPATA	Net Profit After Tax adjusted for Qube's Amortisation and Qube's share of Patrick's Amortisation.
CIFR	Critical Incident Frequency Rate.
LTIFR	Lost Time Injury Frequency Rate.
TRIFR	Total Recordable Injury Frequency Rate.
TSR	Total shareholder return. Measured by the growth in share price over the measurement period and any dividend paid during that period.
EPS	Earnings per share. The portion of profit allocated to each share.
ASR	Annual Shareholder Return. Measured by the growth in share price from award date to end of performance period and any dividends paid during that period.
KPI	Key performance indicators. Used to assess and monitor the performance of one, or a group of executives.

This concludes the Remuneration Report.

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Qube Holdings Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'Reilly'.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
26 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Report

Table of Contents

	Page
Financial Statements	
Consolidated Statement of Comprehensive Income	62
Consolidated Balance Sheet	63
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	65
Notes to the Financial Statements	66
Directors' Declaration on the Financial Statements	141

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 \$m	2020 \$m
Revenue from continuing operations			
Revenue	3	1,951.5	1,822.5
Other income	3	11.4	56.0
		1,962.9	1,878.5
Direct transport and logistics costs		(499.2)	(453.5)
Repairs and maintenance costs		(126.8)	(110.2)
Employee benefits expense	4	(758.6)	(682.5)
Fuel, oil and electricity costs		(102.7)	(112.7)
Occupancy and property costs		(33.7)	(28.7)
Depreciation and amortisation expense	4	(234.1)	(226.6)
Professional fees		(15.4)	(16.9)
Impairment of non-current assets	4	(217.1)	(18.1)
Other expenses		(28.1)	(33.1)
Total expenses		(2,015.7)	(1,682.3)
Finance income		25.6	24.7
Finance costs	4	(58.0)	(88.4)
Net finance costs		(32.4)	(63.7)
Share of net (loss)/profit of associates and joint ventures accounted for using the equity method		14.1	(7.1)
(Loss)/profit before income tax		(71.1)	125.4
Income tax expense	14	27.3	(42.4)
(Loss)/profit for the year from continuing operations		(43.8)	83.0
Discontinued operations			
Profit after tax for the year from discontinued operations	24	135.6	3.6
Profit for the year		91.8	86.6
Other comprehensive income net of tax:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19(a)	(4.7)	(1.7)
Change in fair value of cash flow hedges and cost of hedging	19(a)	(0.7)	(0.8)
Share of other comprehensive income of joint venture	19(a)	2.7	(1.7)
Total comprehensive income for the year		89.1	82.4
Profit for the year is attributable to:			
Owners of Qube Holdings Limited		91.6	87.5
Non-controlling interests		0.2	(0.9)
		91.8	86.6
Total comprehensive income for the year is attributable to:			
Owners of Qube Holdings Limited		88.9	83.3
Non-controlling interests		0.2	(0.9)
		89.1	82.4
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
		Cents	Cents
Basic earnings per share from continuing operations	5	(2.3)	5.0
Diluted earnings per share from continuing operations	5	(2.3)	5.0
Basic earnings per share from continuing and discontinued operations	5	4.8	5.2
Diluted earnings per share continuing and discontinued operations	5	4.8	5.2

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

Consolidated Balance Sheet

As at 30 June 2021

	Notes	2021 \$m	2020* \$m
ASSETS			
Current assets			
Cash and cash equivalents	21(a)	125.8	224.2
Trade and other receivables	6	426.3	375.8
Inventories		6.5	5.0
Derivative financial instruments	31	0.1	0.9
		<u>558.7</u>	605.9
Assets classified as held for sale	24	1,660.2	200.1
Total current assets		<u>2,218.9</u>	806.0
Non-current assets			
Loans and receivables	7	237.4	297.0
Investment in equity accounted investments	25	578.8	609.9
Property, plant and equipment	8	1,599.6	1,531.7
Right-of-use assets	9	636.8	676.7
Investment properties	10	46.5	1,103.1
Intangible assets	11	875.0	872.9
Derivative financial instruments	31	22.3	54.5
Other assets		25.8	24.3
Total non-current assets		<u>4,022.2</u>	5,170.1
Total assets		<u>6,241.1</u>	5,976.1
LIABILITIES			
Current liabilities			
Trade and other payables	12	256.9	200.6
Lease liabilities	9	74.5	89.2
Current tax payable	14(c)	9.8	4.6
Derivative financial instruments	31	0.9	0.8
Provisions	13	119.1	100.7
		<u>461.2</u>	395.9
Liabilities directly associated with the assets held for sale	24	165.0	-
Total current liabilities		<u>626.2</u>	395.9
Non-current liabilities			
Trade and other payables	12	4.7	2.2
Borrowings	20	1,525.8	1,454.1
Lease liabilities	9	642.6	686.7
Deferred tax liabilities	16	64.2	95.8
Derivative financial instruments	31	5.2	34.5
Provisions	13	13.6	10.3
Total non-current liabilities		<u>2,256.1</u>	2,283.6
Total liabilities		<u>2,882.3</u>	2,679.5
Net assets		<u>3,358.8</u>	3,296.6
EQUITY			
Contributed equity	18	3,088.9	3,024.3
Reserves	19	3.3	6.6
Retained earnings	19	269.6	268.9
Capital and reserves attributable to owners of Qube		<u>3,361.8</u>	3,299.8
Non-controlling interests	26	(3.0)	(3.2)
Total equity		<u>3,358.8</u>	3,296.6

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

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

Consolidated Statement of Changes in Equity

As at 30 June 2021

	Notes	Attributable to owners of Qube				Non-controlling interests	Total equity
		Contributed equity	Reserves	Retained earnings	Total		
		\$m	\$m	\$m	\$m		
Balance at 30 June 2019		2,466.6	12.5	335.5	2,814.6	(1.2)	2,813.4
Change in accounting policy		-	-	(50.8)	(50.8)	-	(50.8)
Correction of error	39	-	-	(6.8)	(6.8)	-	(6.8)
Restated total equity at 1 July 2019		2,466.6	12.5	277.9	2,757.0	(1.2)	2,755.8
Profit for the year		-	-	87.5	87.5	(0.9)	86.6
Correction of error	39	-	-	(2.3)	(2.3)	-	(2.3)
Other comprehensive income		-	(4.2)	-	(4.2)	-	(4.2)
Total comprehensive income for the year		-	(4.2)	85.2	81.0	(0.9)	80.1
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	18(a)	558.7	-	-	558.7	-	558.7
Issue of treasury shares to employees	18(b)	23.1	-	-	23.1	-	23.1
Acquisition of treasury shares	18(b)	(18.5)	-	-	(18.5)	-	(18.5)
Fair value movement on allocation and vesting of securities	18(b)	(5.6)	-	-	(5.6)	-	(5.6)
Dividends provided for or paid		-	-	(94.2)	(94.2)	-	(94.2)
Employee share scheme	19(a)	-	(8.0)	-	(8.0)	-	(8.0)
Transactions with non-controlling interests	19(a)	-	6.3	-	6.3	(1.1)	5.2
		557.7	(1.7)	(94.2)	461.8	(1.1)	460.7
Balance at 1 July 2020		3,024.3	6.6	268.9	3,299.8	(3.2)	3,296.6
Profit for the year		-	-	91.6	91.6	0.2	91.8
Other comprehensive income		-	(2.7)	-	(2.7)	-	(2.7)
Total comprehensive income for the year		-	(2.7)	91.6	88.9	0.2	89.1
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	18(a)	62.2	-	-	62.2	-	62.2
Issue of treasury shares to employees	18(b)	6.3	-	-	6.3	-	6.3
Acquisition of treasury shares	18(b)	(6.5)	-	-	(6.5)	-	(6.5)
Fair value movement on allocation and vesting of securities	18(b)	2.6	-	-	2.6	-	2.6
Dividends provided for or paid		-	-	(90.9)	(90.9)	-	(90.9)
Employee share scheme	19(a)	-	(0.6)	-	(0.6)	-	(0.6)
		64.6	(0.6)	(90.9)	(26.9)	-	(26.9)
Balance at 30 June 2021		3,088.9	3.3	269.6	3,361.8	(3.0)	3,358.8

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	2021	2020
Notes	\$m	\$m
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	2,149.5	2,027.2
Payments to suppliers and employees (inclusive of goods and services tax)	(1,732.9)	(1,612.5)
	416.6	414.7
Dividends and distributions received	37.0	1.9
Interest received	31.1	16.6
Other revenue	1.5	0.8
Interest paid	(73.1)	(81.8)
Income taxes paid	(54.5)	(57.1)
Net cash inflow from operating activities	358.6	295.1
Cash flows from investing activities		
Payment for acquisition of businesses, net of cash acquired	23(f) (65.7)	(41.6)
Payments for property, plant and equipment	(361.4)	(305.7)
Payments for investment property	(248.8)	(209.4)
Loans to related entities	(4.3)	(11.5)
Loan repayments from related entities	59.5	3.4
Proceeds from reduction in capital from equity accounted investments	-	2.2
Transactions with non-controlling interests	27(a) -	5.2
Proceeds from sale of investment property	200.1	-
Proceeds from sale of property, plant and equipment	12.3	78.6
Net cash outflow from investing activities	(408.3)	(478.8)
Cash flows from financing activities		
Proceeds from share issue	18(a) 34.1	499.7
Share issue transaction costs	18(a) (0.1)	(10.4)
Payment for treasury shares	18(b) (2.4)	(1.1)
Proceeds from borrowings	345.0	860.2
Repayment of borrowings	(259.8)	(915.0)
Termination of derivatives	(23.7)	-
Principal element of lease payments	(67.3)	(74.6)
Dividends paid to Company's shareholders	(69.5)	(88.9)
Net cash (outflow)/inflow from financing activities	(43.7)	269.9
Net (decrease)/increase in cash and cash equivalents	(93.4)	86.2
Cash and cash equivalents at the beginning of the financial year	224.2	139.9
Effects of exchange rate changes on cash and cash equivalents	(5.0)	(1.9)
Cash and cash equivalents at end of year	125.8	224.2
Non-cash investing and financing activities	32(b)	

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

Notes to the consolidated financial statements

	Page
1. About this report	67
FINANCIAL RESULTS FOR THE YEAR	
2. Segment information	69
3. Revenue and Other income	73
4. Expenses	74
5. Earnings per share	76
OPERATING ASSETS AND LIABILITIES	
6. Trade and other receivables	77
7. Loans and Receivables	79
8. Property, plant and equipment	80
9. Leases	83
10. Investment properties	85
11. Intangible assets	87
12. Trade and other payables	89
13. Provisions	90
INCOME TAXES	
14. Income tax expense	91
15. Deferred tax assets	92
16. Deferred tax liabilities	93
CAPITAL AND BORROWINGS	
17. Dividends	95
18. Contributed equity	96
19. Reserves and retained earnings	98
20. Borrowings	100
RISK MANAGEMENT	
21. Financial risk management	102
22. Fair value measurement	105
GROUP STRUCTURE	
23. Business combinations	108
24. Discontinued operations	113
25. Investment in equity accounted investments	114
26. Significant investments in subsidiaries	118
27. Non-controlling interests	122
UNRECOGNISED ITEMS	
28. Contingencies	123
29. Commitments	124
30. Events occurring after the reporting period	124
OTHER NOTES	
31. Derivative Financial Instruments	126
32. Reconciliation of profit after income tax to net cash inflow from operating activities	128
33. Remuneration of auditors	130
34. Related party transactions	131
35. Key management personnel disclosures	132
36. Share-based payments	133
37. Deed of cross guarantee	135
38. Parent entity financial information	137
39. Prior year restatement	138
40. Summary of other accounting policies	139

1. About this report

Qube Holdings Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements, comprising the Company, Qube Holdings Limited (referred to as the 'Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'Group' or 'Qube'), for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 26 August 2021. The directors have the power to amend and reissue the financial statements.

The consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the Corporations Act 2001, including complying with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property;
- are presented in Australian dollars, which is Qube's functional and presentation currency, with all amounts rounded to the nearest hundred thousand dollars, unless otherwise indicated, in accordance with ASIC Corporations Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2020. Refer to note 40(d) for further details; and
- equity accounts for associates listed at note 25.

The notes to the consolidated financial statements

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

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

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

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

Discontinued operations

In accordance with AASB 5 the current and prior year earnings related figures (other than the segment note) have been adjusted to remove the impact of discontinued operations as outlined in note 24.

Critical accounting judgements and estimates

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

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

- impairment of property, plant and equipment (note 8);
- estimation uncertainties and judgements made in relation to lease accounting (note 9);
- fair value of investment properties (note 10);
- impairment of goodwill (note 11);
- deferred tax assets (note 15);
- estimated fair value less costs to sell for Moorebank Logistics Park (note 22); and
- impairment of equity accounted investments (note 25);

are disclosed separately in the relevant notes.

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

FINANCIAL RESULTS FOR THE YEAR

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

Note	Page
2. Segment information	69
3. Revenue and Other income	73
4. Expenses	74
5. Earnings per share	76

2. Segment information

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

To reflect changes to strategic and operational responsibilities AAT and Quattro are reported in the Operating Division with effect from 1 July 2020 and the Infrastructure & Property Division has been renamed the Property Division. The Sale of Minto Properties was completed September 2020.

(a) Description of segments

Operating Division

Logistics provides a broad range of services relating to the import and export of mainly containerised cargo as well as outsourced industrial logistics services across heavy transport, mobile crane and renewable energy industries. The services currently provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of containers to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, provision of lifting services or equipment and bulk rail and containerised haulage storage and handling for rural commodities. The business operates nationally with strategic locations near the ports in key capital cities.

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

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

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

AAT is a multi-user facility provider to the Australian stevedoring industry, operating terminals with facilities for importing and exporting motor vehicles, projects and general cargo.

Property Division (Formerly Infrastructure & Property)

This division currently primarily comprises the Moorebank Logistics Park Project.

The Moorebank Logistics Park Project is a 243-hectare parcel of land owned by Qube and the Commonwealth Government which is leased by Qube for up to 99 years being developed into an intermodal hub. Qube is managing the development and operations of the overall project. This development includes a port-shuttle (IMEX) rail terminal and will include an interstate rail terminal. as well as substantial warehousing development targeting tenants that will benefit from efficient rail and logistics services.

TQ Holdings Pty Limited is progressing the analysis and approvals for the construction and operation of a fuel storage facility at Port Kembla on land leased from NSW Ports.

Minto Properties is also reported within this Division, however, due to the completion of the sale of Minto Properties in September 2020 and the reporting structure changes noted above, the prior year figures are not comparable.

Patrick

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

Corporate and Other

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

Discontinued operations

In accordance with the way management reports to the chief operating decision maker, segment information has not been adjusted for discontinued operations, relating to the sale of the Moorebank warehousing assets.

(b) Segment information provided to the Board

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

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

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

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

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

2020	Operating Division	Property Division	Corporate & Other	Patrick*	Total
	\$m	\$m	\$m	\$m	\$m
Revenue and other income	1,783.5	117.2	1.3	-	1,902.0
Intercompany trading	-	41.5	-	-	41.5
Fair value losses/(gains)	2.0	(47.1)	-	-	(45.1)
Quattro acquisition bargain purchase gain	-	(14.7)	(1.1)	-	(15.8)
AASB 16 leasing adjustments	(0.1)	1.1	-	-	1.0
Underlying revenue	1,785.4	98.0	0.2	-	1,883.6

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

Net profit/(loss) before income tax	178.8	15.1	(77.5)	14.1	130.5
Share of (profit)/loss of equity accounted investments	(1.2)	0.5	-	7.8	7.1
Net finance (income)/cost	18.2	13.3	55.4	(21.9)	65.0
Depreciation and amortisation	199.6	25.7	1.6	-	226.9
EBITDA	395.4	54.6	(20.5)	-	429.5
Impairment of investment in associate Quattro acquisition	6.9	-	-	-	6.9
- Impairment of equity accounted investment	-	11.2	-	-	11.2
- Bargain purchase gain	-	(14.7)	-	-	(14.7)
Fair value losses/(gains)	2.0	(47.1)	-	-	(45.1)
AASB 16 leasing adjustments	(82.3)	(17.9)	(1.6)	-	(101.8)
Intercompany trading	(41.5)	41.5	-	-	-
Acquisition costs	2.1	1.3	-	-	3.4
Other	2.8	-	(1.3)	-	1.5
Underlying EBITDA	285.4	28.9	(23.4)	-	290.9
Underlying depreciation	(121.7)	(8.7)	(0.2)	-	(130.6)
Underlying EBITA	163.7	20.2	(23.6)	-	160.3
Underlying amortisation	(8.4)	(3.7)	-	-	(12.1)
Underlying EBIT	155.3	16.5	(23.6)	-	148.2
Underlying net finance income/(cost)	0.9	0.1	(40.3)	21.9	(17.4)
Share of profit/(loss) of equity accounted investments	1.2	(0.5)	-	(7.8)	(7.1)
Underlying adjustments other	0.1	-	-	3.3	3.4
Underlying adjustments AASB 16 leasing	0.1	0.1	-	15.2	15.4
Underlying share of profit/(loss) of equity accounted investments	1.4	(0.4)	-	10.7	11.7
Underlying net profit/(loss) before income tax	157.6	16.2	(63.9)	32.6	142.5
Underlying income tax (benefit)/expense	(46.8)	(5.0)	19.2	(6.6)	(39.2)
Underlying net profit/(loss) after tax	110.8	11.2	(44.7)	26.0	103.3
Underlying non-controlling interests	0.9	-	-	-	0.9
Underlying net profit/(loss) after tax attributable to members	111.7	11.2	(44.7)	26.0	104.2
Underlying net profit/(loss) after tax before amortisation attributable to members**	117.6	13.8	(44.7)	34.5	121.2

Underlying diluted earnings per share (cents per share)	6.2
Underlying diluted earnings per share pre-amortisation (cents per share)	7.2

*A reconciliation of the Patrick underlying contribution to the Qube results can be found in note 25.

**Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Qube's proportionate share of Patrick amortisation net of tax.

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

	Operating Division \$m	Property Division \$m	Corporate & Other \$m	Patrick* \$m	Total \$m
2021					
Total segment assets	3,535.2	1,878.1	48.4	779.3	6,241.0
Total assets include:					
Assets included in discontinued operations	-	1,660.2	-	-	1,660.2
Investments in associates and joint ventures	36.9	-	-	541.9	578.8
Loans to equity accounted investments	11.1	-	-	237.4	248.5
Additions to non-current assets (other than financial assets and deferred tax)	475.2	398.8	0.1	-	874.1
Total segment liabilities	1,073.3	232.3	1,576.6	-	2,882.2
Total liabilities include:					
Liabilities included in discontinued operations	-	165.0	-	-	165.0
2020					
Total segment assets	2,820.1	2,152.3	120.1	857.6	5,950.1
Total assets include:					
Investments in associates and joint ventures	38.2	11.1	-	560.6	609.9
Loans to equity accounted investments	-	-	10.4	297.0	307.4
Additions to non-current assets (other than financial assets and deferred tax)	687.4	637.0	7.3	-	1,331.7
Total segment liabilities	731.3	343.7	1,569.3	-	2,644.3

Underlying Information is determined as follows:

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

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

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

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

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

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

(c) Other segment information

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

(i) Segment assets

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

(ii) Segment liabilities

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

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

ACCOUNTING POLICY

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

3. Revenue and Other income

	2021	2020
	\$m	\$m
Revenue		
Logistics revenue	775.2	822.4
Ports & Bulk revenue	1,134.8	954.2
Rental and property related revenue	10.5	19.1
Management fees	0.1	0.1
Other revenue	30.9	26.7
Total revenue	1,951.5	1,822.5
Other income		
Fair value gains on investment property	6.5	37.0
Net gain on disposal of property, plant & equipment	1.6	-
Quattro acquisition bargain purchase gain	-	14.8
Other	3.3	4.2
Total other income	11.4	56.0

ACCOUNTING POLICY

Recognition and measurement

Logistics revenue

Logistics provides a broad range of services relating to the import and export of mainly containerised cargo as well as outsourced industrial logistics services across heavy transport, mobile crane and renewable energy industries. The services provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of containers to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, provision of lifting services or equipment and bulk and containerised rail haulage for rural commodities.

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

In the current period, the management and reporting of certain activities relating to the LCR business were reallocated from Logistics to Ports and Bulk. The prior year's revenue figures in this note have not been adjusted for this change in reporting.

Ports & Bulk revenue

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

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

Rental and property related revenue

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

Financing components

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

Discontinued operations

In accordance with accounting standards the above figures have been adjusted to remove the impact of discontinued operations as outlined in note 24.

4. Expenses

	2021	2020
	\$m	\$m
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	7.6	6.2
Plant and equipment	120.5	111.7
Leasehold improvements	12.9	11.5
Right-of-use asset	82.3	85.1
Total depreciation (<i>refer note 8 & 9</i>)	223.3	214.5
Amortisation		
Customer contracts	7.1	8.4
Port concessions	3.7	3.7
Total amortisation (<i>refer note 11</i>)	10.8	12.1
Total depreciation and amortisation expense	234.1	226.6
Finance costs		
Interest and finance costs paid/payable	44.3	53.7
Lease borrowing costs (<i>refer note 9</i>)	34.5	31.7
Total interest and finance charges expense	78.8	85.4
Interest capitalised	(15.2)	(11.8)
Fair value (gain)/loss – derivative instruments	(5.6)	14.8
Total finance costs	58.0	88.4
Rental expense relating to operating leases		
Property	14.2	9.8
Plant, equipment and motor vehicles	10.5	1.5
Total rental expense relating to operating leases (<i>refer note 9</i>)	24.7	11.3
Employee benefits expense		
Defined contribution superannuation expenses	43.9	40.9
Share-based payment expenses (<i>refer note 36(c)</i>)	7.8	7.0
Other employee benefits expense	706.9	634.6
Total employee benefits expense	758.6	682.5
Other expenses includes:		
Impairment of investments in associate and loans to associates	14.9	18.1
Impairment of property, plant and equipment (<i>refer note 8</i>)	202.2	-
	217.1	18.1

ACCOUNTING POLICY

Borrowing costs

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

Employee benefits

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

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

(ii) Long service leave

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

(iii) Superannuation

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

(iv) Bonus plans

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

(v) Employee benefit on-costs

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

(vi) Share-based payments

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

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

5. Earnings per share

	2021	2020
(a) Basic earnings per share	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	(2.3)	5.0
From discontinued operations	7.1	0.2
Total basic earnings per share attributable to the ordinary equity holders of the Company	4.8	5.2
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(2.3)	5.0
From discontinued operations	7.1	0.2
Total diluted earnings per share attributable to the ordinary equity holders of the Company	4.8	5.2
(c) Earnings used in calculating earnings per share	\$m	\$m
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share		
From continuing operations	(44.0)	83.9
From discontinued operations	135.6	3.6
	91.6	87.5
(d) Weighted average number of shares used as the denominator	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating:		
Basic earnings per share	1,897,633,021	1,677,502,186
Diluted earnings per share	1,899,178,480	1,679,732,803

ACCOUNTING POLICY

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

OPERATING ASSETS AND LIABILITIES

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

Note	Page
6. Trade and other receivables	77
7. Loans and Receivables	79
8. Property, plant and equipment	80
9. Leases	83
10. Investment properties	85
11. Intangible assets	87
12. Trade and other payables	89
13. Provisions	90

6. Trade and other receivables

	2021 \$m	2020 \$m
Current		
Trade receivables	326.7	286.3
Loss allowance (a)	(12.4)	(13.0)
	314.3	273.3
Prepayments	43.3	35.5
Accrued revenue	42.8	33.1
Lease receivable	0.5	0.7
Interest receivable	5.9	10.0
Other	19.5	23.2
	426.3	375.8

(a) Impaired trade receivables

As at 30 June 2021 the loss allowance was \$12.4 million (2020: \$13.0 million). Qube has not experienced any significant deterioration in the collectability of receivables in FY21 due to COVID-19.

	2021 \$m	2020 \$m
The ageing of these receivables is as follows:		
Up to 3 months	(6.3)	(6.6)
3 months and greater	(6.1)	(6.4)
	(12.4)	(13.0)

Movements in the loss allowance for impairment of receivables is as follows:

Carrying amount at start of year	(13.0)	(6.1)
Provision for impairment recognised during the year	(1.4)	(7.0)
Receivables written off during the year as uncollectible	2.0	0.2
Provisions acquired as part of acquisition	-	(0.1)
Carrying amount at end of year	(12.4)	(13.0)

(b) Credit risk

	2021	2020
	\$m	\$m
Up to 3 months		
Trade receivables	305.6	269.4
Loss allowance	(6.3)	(6.6)
	299.3	262.8
3 months and greater		
Trade receivables	21.1	16.9
Loss allowance	(6.1)	(6.4)
	15.0	10.5
Total	314.3	273.3

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

(c) Fair value

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

ACCOUNTING POLICY

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

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

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

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

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

7. Loans and Receivables

	2021	2020
	\$m	\$m
Loans and receivables	237.4	297.0

The Group has provided a related party loan to Patrick as part of the acquisition of its 50% interest in August 2016, the balance of which is \$237.4 million at 30 June 2021 (2020: \$297.0 million). The loan is for a fixed term of 10 years, subordinated to all creditors, with an effective interest rate of 7.3% and no conversion rights.

(a) Fair value

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the necessity of whether a loss allowance is required for any given financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities. The Group does not believe impairment is required at 30 June 2021 based on the current forecasts provided by Patrick. On this basis the fair value of loans and receivables approximates their carrying values.

ACCOUNTING POLICY

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

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

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

8. Property, plant and equipment

	Land & Buildings \$m	Plant & Equipment \$m	Leasehold Improvements \$m	Total \$m
Year ended 30 June 2020				
Opening net book amount	200.9	914.9	199.6	1,315.4
Acquisition of business	66.4	19.4	36.2	122.0
Additions	32.4	265.6	16.6	314.6
Reclassifications	-	(6.9)	-	(6.9)
Reclassification from investment property	-	0.7	-	0.7
Disposals	(65.5)	(17.8)	-	(83.3)
Exchange rate differences	-	(1.2)	-	(1.2)
Depreciation charge	(6.2)	(111.9)	(11.5)	(129.6)
Closing net book amount	228.0	1,062.8	240.9	1,531.7
At 30 June 2020				
Cost	266.0	1,772.9	315.0	2,353.9
Accumulated depreciation	(38.0)	(710.1)	(74.1)	(822.2)
Net book amount	228.0	1,062.8	240.9	1,531.7
Year ended 30 June 2021				
Opening net book amount	228.0	1,062.8	240.9	1,531.7
Acquisition of businesses	-	68.1	-	68.1
Additions	16.1	357.9	5.4	379.4
Reclassifications	16.6	11.1	(29.8)	(2.1)
Reclassification from inventory	-	2.5	-	2.5
Reclassification from investment property	42.3	(14.1)	-	28.2
Reclassification to assets classified as held for sale	(42.3)	(8.9)	-	(51.2)
Disposals	-	(11.7)	-	(11.7)
Exchange rate differences	-	(1.6)	-	(1.6)
Impairment	-	(202.2)	-	(202.2)
Depreciation charge	(7.7)	(120.9)	(12.9)	(141.5)
Closing net book amount	253.0	1,143.0	203.6	1,599.6
At 30 June 2021				
Cost	297.8	1,918.5	344.2	2,560.5
Accumulated depreciation	(44.8)	(775.5)	(140.6)	(960.9)
Net book amount	253.0	1,143.0	203.6	1,599.6

ACCOUNTING POLICY

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

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

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

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

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

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

Impairment

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

Historically, the IMEX Terminal has been assessed as part of Moorebank Logistics Park (MLP) CGU reflecting the nature in which the project was secured and Qube's related development rights, obligations and operating strategy. A consequence of Qube selling its MLP warehousing to LOGOS is that going forward the MLP cash flows are separated between Qube and LOGOS and the IMEX Terminal has therefore been assessed for impairment on a stand-alone basis at 30 June 2021.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of property, plant and equipment

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

	Carrying Value \$'m	Impairment \$'m	Impaired Value \$'m
IMEX terminal	318.6	(156.2)	162.4
Rail access	45.9	(45.9)	-
	364.5	(202.1)	162.4

IMEX Terminal at the Moorebank Logistics Park

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

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

For the purpose of the impairment assessment, the forecasts assume that the monetisation transaction with LOGOS completes. Pursuant to this transaction, LOGOS will be acquiring the property related assets at MLP (primarily comprising the warehousing precinct), while Qube will retain ownership of the rail terminals, including the IMEX Terminal.

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

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

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

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

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

9. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 10.

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

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

Right-of-use assets

	2021	2020
	\$m	\$m
Land & buildings*	592.1	618.6
Vehicles	26.5	39.4
Equipment	18.2	18.7
	636.8	676.7

Additions and additions through acquisition to the right-of-use assets during the 2021 financial year were \$47.2 million (2020:\$163.9 million).

Lease liabilities

	2021	2020
	\$m	\$m
Current	74.5	89.2
Non-current*	642.6	686.7
	717.1	775.9

* Prior year balances have been restated as set out in note 39 Prior year restatement.

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

	2021	2020
	\$m	\$m
Depreciation charge of right-of-use assets		
Land & buildings	55.5	52.0
Vehicles	15.2	22.3
Equipment	11.7	10.9
	82.4	85.2
Lease borrowing costs	39.5	33.1
Expense relating to short-term leases and leases of low value assets	24.7	11.3

The total cash outflow for leases during the 2021 financial year was \$97.2 million (2020:\$101.3 million).

ACCOUNTING POLICY

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

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

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

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

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

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

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

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

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

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Determining the lease term of contracts with renewal options

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

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

10. Investment properties

	2021 \$m	2020 \$m
Opening balance at 1 July	1,103.1	1,031.6
Capitalised subsequent expenditure	236.8	208.1
Net gain from fair value adjustments	202.1	45.1
Reclassification to right of use assets	(12.4)	-
Reclassification to property, plant & equipment	(28.2)	(0.7)
Reclassification to assets classified as held for sale	(1,529.9)	(200.1)
Finance lease asset	65.2	9.7
Capitalised interest	8.7	7.2
Straight-lining of operating lease rental income	1.1	2.2
Closing balance at 30 June	46.5	1,103.1

(a) Measuring investment property at fair value

Following the sale of Minto Properties in mid-September 2020 and the entry into binding documents with LOGOS for the sale of the warehousing and property components of the MLP project reclassified as held for sale following (refer (d) below), investment properties at 30 June 2021, principally comprise land and property at Russell Park currently held for rental yield. This property is not occupied by the Group and is carried at fair value.

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

	2021 \$m	2020 \$m
Rental income	18.9	24.2
Direct operating expenses from property that generated rental revenue	(9.4)	(11.7)
Direct operating expenses from property that did not generate rental income	-	-

(c) Leasing arrangements

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

	2021 \$m	2020 \$m
Minimum lease receivables not recognised in the financial statements under non-cancellable operating leases of investment properties are receivable as follows:		
Within one year	12.9	20.6
Later than one year but not later than 5 years	40.1	55.6
Later than 5 years	22.5	40.8
	75.5	117.0

(d) Assets classified as held for sale

Qube has entered into binding transaction documentation (subject to conditions) with the LOGOS Consortium for the sale of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets) which includes investment property. Further detail is provided in Note 24.

	2021 \$m	2020 \$m
Investment Property	1,529.9	200.1

The primary valuation methodology for the Group's investment property is the agreed sale value to the LOGOS Consortium less expected transaction costs and adjustments. This resulted in a fair value uplift of \$195.6 million.

ACCOUNTING POLICY

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

Assets classified as held for sale

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

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated fair values of investment properties

The Group obtains independent valuations at least annually or as otherwise required. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in note 22.

As at 30 June 2021, the directors have assessed that the valuation methodology for the Groups held-for-sale investment property is the agreed sale value to the LOGOS Consortium less expected transaction costs and adjustments.

11. Intangible assets

	Goodwill \$m	Port Concessions \$m	Customer contracts \$m	Total \$m
Year ended 30 June 2020				
Opening net book amount	744.2	103.9	15.7	863.8
Acquisition of business	21.7	-	-	21.7
Exchange differences	(0.5)	-	-	(0.5)
Amortisation charge	-	(3.7)	(8.4)	(12.1)
Closing net book amount	765.4	100.2	7.3	872.9
At 30 June 2020				
Cost	765.4	113.5	74.0	952.9
Accumulated amortisation	-	(13.3)	(66.7)	(80.0)
	765.4	100.2	7.3	872.9
Year ended 30 June 2021				
Opening net book amount	765.4	100.2	7.3	872.9
Acquisition of businesses	14.1	-	-	14.1
Goodwill adjustment	(0.8)	-	-	(0.8)
Exchange differences	(0.2)	-	(0.2)	(0.4)
Amortisation charge	-	(3.7)	(7.1)	(10.8)
Closing net book amount	778.5	96.5	-	875.0
At 30 June 2021				
Cost	778.5	113.5	73.7	965.7
Accumulated amortisation	-	(17.0)	(73.7)	(90.7)
Net book amount	778.5	96.5	-	875.0

(a) Allocation of goodwill to cash generating units

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

	2021 \$m	2020 \$m
Operating Division	732.2	719.1
AAT	46.3	46.3
	778.5	765.4

(b) Impairment tests for goodwill

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

ACCOUNTING POLICY

(i) Goodwill

Goodwill on acquisitions of businesses is included in intangible assets and is measured as described in note 23. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(ii) Customer contracts

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

(iii) Port Concessions

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

Impairment

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of goodwill

In the year ended 30 June 2020, Qube undertook scenario analysis as part of its impairment testing. A Low, Base and High case analysis was prepared to reflect different severity assumptions regarding the impact of COVID-19 on Qube's cashflows. A probability weighting was applied to each of these scenarios to determine the recoverable amount for each CGU. In the current year management have not prepared a probability weighted scenario analysis and have instead returned to a single base case model.

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

CGU	Long-term growth rate		Discount rate	
	2021 %	2020 %	2021 %	2020 %
Operating Division (Logistics and Ports & Bulk)	2.5	2.5	11.8	12.3
AAT	2.5	2.5	11.3	11.4

Impact of possible changes in critical assumptions

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

12. Trade and other payables

	2021	2020
	\$m	\$m
Current		
Trade payables and accruals	254.1	193.9
GST payable	2.8	6.7
	256.9	200.6
Non-current		
Trade payables and accruals	0.4	0.4
Deferred consideration	4.3	1.8
	4.7	2.2

ACCOUNTING POLICY

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

13. Provisions

	2021			2020		
	Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
Employee benefits	119.1	13.6	132.7	100.7	10.3	111.0
	119.1	13.6	132.7	100.7	10.3	111.0

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

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

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

	2021 \$m	2020 \$m
Leave obligations expected to be settled after 12 months	24.8	24.0

ACCOUNTING POLICY

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

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

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

INCOME TAXES

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

Note	Page
14. Income tax expense	91
15. Deferred tax assets	92
16. Deferred tax liabilities	93

14. Income tax expense

	2021 \$m	2020 \$m
(a) Income tax expense		
Current tax	61.0	43.2
Deferred tax assets	(37.6)	9.5
Deferred tax liabilities	5.7	(6.4)
Adjustments for deferred tax of prior periods	-	(2.3)
Adjustments for current tax of prior periods	1.7	(0.1)
	30.8	43.9
Income tax expense is attributable to:		
(Loss)/profit from continuing operations	(27.3)	42.4
Profit from discontinued operations	58.1	1.5
	30.8	43.9
Deferred income tax expense included in income tax expense comprises:		
(Increase) / Decrease in deferred tax assets	(37.6)	9.6
Increase / (Decrease) in deferred tax liabilities	5.7	(8.8)
	(31.9)	0.8
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
(Loss)/profit from continuing operations before income tax expense	(71.1)	125.4
Profit from discontinued operation before income tax expense	193.7	5.1
	122.6	130.5
Tax at the Australian tax rate of 30% (2020: 30%)	36.8	39.1
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable equity accounted profit	(4.2)	2.1
Deferred tax not recognised on impairment of an associate	4.5	2.1
Capital losses not previously recognised	(6.9)	0.3
Losses previously not recognised in overseas jurisdictions	(0.9)	-
Difference in overseas tax rate	0.1	(0.3)
Prior year adjustments	1.7	(0.1)
Sundry items	(0.3)	0.7
Income tax expense	30.8	43.9
(c) Numerical reconciliation of prima facie tax payable to income tax payable		
Income tax expense	30.8	43.9
Movement in deferred tax	31.9	(0.8)
PAYG current year instalments paid	(48.1)	(38.5)
PAYG prior year instalments and expected refund adjustment	(4.8)	-
Income tax payable	9.8	4.6

	2021	2020
	\$m	\$m
(d) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income, but directly debited or credited to equity:		
Net deferred tax – debited directly to equity	0.3	3.1
(e) Effective tax rates		
Australian accounting consolidated group effective tax rate	25.1%	34%

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

15. Deferred tax assets

	2021	2020
	\$m	\$m
The balance comprises temporary differences attributable to:		
Employee benefits	41.9	32.9
Plant and equipment	73.8	16.3
Lease liabilities*	259.1	226.5
Capital losses	4.2	5.6
Other	25.3	35.7
Total deferred tax assets	404.3	317.0
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(404.3)	(317.0)
Net deferred tax assets	-	-
Deferred tax assets expected to be recovered within 12 months	54.3	70.1
Deferred tax assets expected to be recovered after more than 12 months	350.0	246.9
	404.3	317.0

	Employee benefits	Plant and equipment	Lease liabilities	Capital losses	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Movements in deferred tax assets:						
At 30 June 2019	29.7	14.8	-	5.9	20.2	70.6
Credited/(charged)						
• to profit or loss	2.3	1.5	(21.0)	(0.3)	7.9	(9.6)
• directly to equity	-	-	-	-	3.1	3.1
• adjustment on adoption of AASB 16	-	-	184.5	-	0.3	184.8
• Correction of error*	-	-	11.7	-	-	11.7
Lease additions	-	-	51.3	-	0.1	51.4
Acquisition of subsidiary	0.9	-	-	-	4.1	5.0
At 30 June 2020	32.9	16.3	226.5	5.6	35.7	317.0
Credited/(charged)						
• to profit or loss	8.9	57.5	(16.7)	(1.4)	(10.7)	37.6
• directly to equity	-	-	-	-	0.3	0.3
Lease additions	-	-	46.5	-	-	46.5
Acquisition of subsidiary	0.1	-	2.8	-	-	2.9
At 30 June 2021	41.9	73.8	259.1	4.2	25.3	404.3

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

16. Deferred tax liabilities

	2021	2020
	\$m	\$m
The balance comprises temporary differences attributable to:		
Plant and equipment	39.1	29.7
Intangible assets	26.0	29.4
Investment property	155.0	134.7
Right-of-use assets*	235.6	208.3
Other provisions	12.8	10.7
	468.5	412.8
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(404.3)	(317.0)
Net deferred tax liabilities	64.2	95.8
Deferred tax liabilities expected to be settled within 12 months	16.4	16.6
Deferred tax liabilities expected to be settled after more than 12 months	452.1	396.2
	468.5	412.8

Movements in deferred tax liabilities:	Plant and equipment	Intangible assets	Investment property	Right-of-use assets	Other provisions	Total
	\$m	\$m	\$m	\$m	\$m	\$m
At 30 June 2019	28.0	33.7	115.0	-	4.7	181.4
Charged/(credited)						
• to profit or loss	(3.1)	(3.4)	17.3	(25.7)	6.1	(8.8)
• to other comprehensive income	-	-		-	0.4	0.4
• adjustment on adoption of AASB16	-	-		175.0	-	175.0
• Correction of error*	-	-	-	7.7	-	7.7
Balance sheet reallocations	-	(0.9)	2.4	-	(0.5)	1.0
Lease additions	-	-		51.3	-	51.3
Acquisition of subsidiaries	4.8	-		-	-	4.8
At 30 June 2020	29.7	29.4	134.7	208.3	10.7	412.8
Charged/(credited)						
• to profit or loss	10.2	(3.4)	20.3	(23.5)	2.1	5.7
• to other comprehensive income	-	-	-	-	-	-
• Directly to equity	-	-	-	-	-	-
Balance sheet reallocations						
Lease additions	-	-	-	48.2	-	48.2
Acquisition of subsidiaries	(0.8)	-	-	2.6	-	1.8
At 30 June 2021	39.1	26.0	155.0	235.6	12.8	468.5

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

ACCOUNTING POLICY

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

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

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

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

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

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

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

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

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

Investment allowances and similar tax incentives

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

CAPITAL AND BORROWINGS

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

Note	Page
17. Dividends	95
18. Contributed equity	96
19. Reserves and retained earnings	98
20. Borrowings	100

17. Dividends

	2021 \$m	2020 \$m
(a) Ordinary shares		
Final dividend for the year ended 30 June 2020 of 2.3 cents per fully paid share paid on 21 October 2020 (2019: 2.9 cents per fully paid share paid on 18 October 2019)		
Fully franked based on tax paid at 30%	43.3	47.1
Interim dividend for the year ended 30 June 2021 of 2.5 cents per fully paid share paid on 8 April 2021 (2020: 2.9 cents per fully paid share paid on 7 April 2020)		
Fully franked based on tax paid at 30%	47.6	47.1
	90.9	94.2

(b) Dividends not recognised at the end of the reporting period

Since the financial year end the directors have recommended the payment of a final dividend of 3.5 cents per fully paid ordinary share, (2020: 2.3 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 22 October 2021 (2020: 21 October 2020) out of retained earnings at 30 June 2021, but not recognised as a liability at the end of the year, is

	66.7	43.3
--	------	------

(c) Franked dividends

The franked portion of the final dividend recommended after the financial year end will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2021.

	Consolidated		Parent entity	
	2021	2020	2021	2020
	\$m	\$m	\$m	\$m
Franking credits available for subsequent financial years based on a tax rate of 30% (2020: 30%)	152.5	117.6	152.5	117.6

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

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

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

ACCOUNTING POLICY

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

18. Contributed equity

Share capital	Notes	2021 Shares	2020 Shares	2021 \$m	2020 \$m
Ordinary shares					
Fully paid	(a)	1,906,960,085	1,883,518,039	3,096.3	3,034.1
Less: Treasury shares	(b)	(223,881)	(223,717)	(7.4)	(9.8)
Total contributed equity		1,906,736,204	1,883,294,322	3,088.9	3,024.3

(a) Movements in ordinary shares:

Date	Details	Number of shares	\$m
1 July 2019	Opening Balance	1,606,252,093	2,475.4
	Acquisition of subsidiary (Chalmers)	13,149,895	43.0
	Entitlement offer-institutional	135,145,556	263.5
	Entitlement offer-institutional	121,127,108	236.2
	Employee share plan issues	2,161,369	5.4
	Dividend reinvestment plan	5,682,018	17.9
	Less: Share issue transaction costs, net of tax		(7.3)
1 July 2020	Opening balance	1,883,518,039	3,034.1
	Employee share plan issues	2,309,309	6.7
	Dividend reinvestment plan	7,822,206	21.5
	Underwritten dividend reinvestment plan	13,310,531	34.1
	Less: Share issue transaction costs, net of tax		(0.1)
30 June 2021	Closing balance	1,906,960,085	3,096.3

(b) Movements in treasury shares:

Date	Details	Number of shares	\$m
1 July 2019	Opening balance	(2,128,736)	(8.8)
	Transfer of treasury shares	7,932,322	23.1
	Treasury shares issued	(5,527,303)	(17.4)
	Treasury shares purchased	(500,000)	(1.1)
	Fair value movement on allocation and vesting of securities	-	(5.6)
1 July 2020	Opening balance	(223,717)	(9.8)
	Transfer of treasury shares	2,380,827	6.3
	Treasury shares issued	(1,480,991)	(4.1)
	Treasury shares purchased	(900,000)	(2.4)
	Fair value movement on allocation and vesting of securities		2.6
30 June 2021	Closing Balance	(223,881)	(7.4)

(c) Ordinary Shares

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

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

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

(d) Dividend reinvestment plan

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

(e) Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Employee Share Trust for the purpose of allocating shares that vest under the Performance Rights Scheme. Details of the plans are set out in note 36.

(f) Capital risk management

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

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

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

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

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

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

ACCOUNTING POLICY

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

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

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

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

19. Reserves and retained earnings

	2021 \$m	2020 \$m
Reserves		
Business combination reserve	28.4	28.4
Transactions with non-controlling interests reserve	(33.9)	(33.9)
Share-based payments reserve	16.7	17.3
Foreign currency translation reserve	(4.4)	0.3
Cash flow hedging reserve	(1.9)	(1.2)
Share of other comprehensive income of joint venture	(1.6)	(4.3)
	3.3	6.6
(a) Movements in reserves:		
Transactions with non-controlling interests reserve		
Balance 1 July	(33.9)	(40.2)
Disposal of partial interest in subsidiary (refer note 26)	-	6.3
Balance 30 June	(33.9)	(33.9)
Share-based payments reserve		
Balance 1 July	17.3	25.3
Share-based payments	(8.4)	(15.0)
Employee share plan expense	7.8	7.0
Balance 30 June	16.7	17.3
Foreign currency translation reserve		
Balance 1 July	0.3	2.0
Currency translation differences, net of tax	(4.7)	(1.7)
Balance 30 June	(4.4)	0.3
Hedging reserve		
Balance 1 July	(1.2)	(0.4)
Cumulative (gain)/loss arising on changes in fair value of hedging instruments		
• Forward exchange contracts – Cash flow hedge reserve	0.1	(0.5)
• Cross-currency interest rate swaps – Cash flow hedge reserve	(1.7)	0.7
• Foreign exchange options – Cash flow hedge reserve	(1.2)	(1.3)
Deferred tax arising on cash flow hedges	0.8	0.3
Reserve release, net of tax	1.3	-
Balance 30 June	(1.9)	(1.2)
Share of other comprehensive income of joint venture		
Balance 1 July	(4.3)	(2.6)
Share of Patrick's other comprehensive income	2.7	(1.7)
Balance 30 June	(1.6)	(4.3)

Nature and purpose of reserves

(i) Business combination reserve

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

(ii) Share-based payments reserve

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

(iii) Transactions with non-controlling interests reserve

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

(iv) Foreign currency translation reserve

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

(v) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 30 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 31. Amounts are subsequently either transferred to the initial cost of the asset or reclassified to profit or loss as appropriate.

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

Retained earnings

	2021	2020
	\$m	\$m
Movements in retained earnings were as follows:		
Balance 30 June	268.9	335.5
Adjustment on adoption of AASB 16 (net of tax)	-	(50.8)
Correction of error*	-	(6.8)
Balance 1 July	268.9	277.9
Net profit for the year	91.6	87.5
Correction of error*	-	(2.3)
Dividends paid	(90.9)	(94.2)
Balance 30 June	269.6	268.9

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

20. Borrowings

	2021 \$m	2020 \$m
Non-current		
Unsecured		
Bank loans	865.5	765.7
Other financiers	150.0	150.0
Medium term notes	212.7	243.1
Subordinated notes	305.0	305.0
Less capitalised establishment costs	(7.4)	(9.7)
Total non-current borrowings	1,525.8	1,454.1

Bank and other facilities

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

Facility	Maturity	2021		2020	
		Facility \$m	Utilised* \$m	Facility \$m	Utilised* \$m
Bank Loans					
Bilateral bridge facilities	Dec 2021	-	-	200.0	200.0
Bilateral revolving facility (NZD)**	July 2022	60.5	60.5	60.7	60.7
Bilateral revolving facilities	Aug 2022	100.0	75.0	100.0	-
Bilateral revolving facilities	May 2023	100.0	-	100.0	-
Bilateral revolving facilities	Aug 2023	75.0	75.0	75.0	75.0
Bilateral revolving facilities	Oct 2023	320.0	165.0	530.0	140.0
Bilateral revolving facilities	Nov 2023	180.0	180.0	250.0	190.0
Bilateral revolving facilities	June 2024	50.0	-	50.0	-
Bilateral revolving facilities	Oct 2024	240.0	240.0	100.0	100.0
Bilateral revolving facilities	May 2025	30.0	-	30.0	-
Bilateral revolving facilities	Oct 2025	70.0	-	-	-
Bilateral revolving facilities	Nov 2025	170.0	70.0	100.0	-
Other Financiers					
Bilateral term facility	June 2024	150.0	150.0	150.0	150.0
US Private Placement					
Medium term notes (USD)**	Oct 2024	55.8	55.8	62.4	62.4
Medium term notes (USD)**	Oct 2027	113.9	113.9	130.7	130.7
Medium term notes (USD)**	Oct 2029	43.0	43.0	50.0	50.0
Subordinated notes	Oct 2023	305.0	305.0	305.0	305.0

* Excludes bank guarantees drawn totaling \$29.6 million (2020: \$37.7 million) drawn under the Bilateral Revolving Facilities.

** Australian dollar equivalent.

During the year Qube extended the maturity of \$280 million of debt facilities, with \$140 million extended for an additional 1 year (to 4 years) and \$140 million extended for 2 years (to 5 years). Bilateral bridge facilities of \$200 million were repaid and the commitments cancelled during the period from the proceeds from the sale of the Minto Properties.

Qube's debt facilities have a weighted average maturity of 3.0 years at 30 June 2021 (3.6 years at 30 June 2020). No debt facilities mature within the next 12 months and therefore, the Group has classified all borrowings as non-current liabilities.

The notes issued in United States dollars (USD) have been converted back to Australian dollar (AUD) principal and AUD floating coupons through cross-currency interest rate swaps (CCIRS). The CCIRS have been designated as cash flow and fair value hedges as described in note 31.

(a) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

(b) Fair value

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

	2021		2020	
	Carrying amount	Fair value*	Carrying amount	Fair value*
	\$m	\$m	\$m	\$m
On-balance sheet				
Non-traded financial liabilities				
Bank loans	861.2	865.5	760.4	765.7
Other financiers	149.6	150.0	149.4	150.0
Medium term notes	211.9	212.7	242.0	243.1
Subordinated notes	303.1	305.0	302.3	305.0
	1,525.8	1,533.2	1,454.1	1,463.8

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

ACCOUNTING POLICY

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

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

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

RISK MANAGEMENT

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

Note	Page
21. Financial risk management	102
22. Fair value measurement	105

21. Financial risk management

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

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

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

(a) Credit risk

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

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

There was no significant credit risk to counterparties at 30 June 2021 or 30 June 2020.

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

	2021 \$m	2020 \$m
Cash and cash equivalents		
A-	125.8	224.2

(b) Market risk

(i) Interest rate risk

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

(b) Market risk (continued)

	2021	2020
	\$m	\$m
Qube's exposure to interest rate risk is set out in the following table:		
Borrowings (excluding capitalised establishment costs)	1,533.2	1,463.8
Less: Fixed rate loans	(150.0)	(150.0)
Cash	(125.8)	(224.2)
Net exposure to interest rate risk	1,257.4	1,089.6
Interest rate hedging in place*	380.0	730.0

* Includes forward start hedges totalling \$60 million (2020: \$240 million)

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

(i) Sensitivity analysis

The following table summarises the sensitivity of Qube's after tax operating profit and net assets attributable to shareholders to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. The analysis is based on the assumption that interest rates changed +/- 100 basis points (2020 +/- 100 basis points) from the year end rates with all other variables held constant.

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

	Interest rate risk			
	-100 bps		+100 bps	
	Profit	Equity	Profit	Equity
	\$m	\$m	\$m	\$m
2021				
Total increase/(decrease)	5.5	5.5	(5.7)	(5.7)
2020				
Total increase/(decrease)	6.1	6.1	(6.2)	(6.2)

(ii) Foreign exchange risk

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

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

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

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

(c) Liquidity risk

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

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

Financing arrangements

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

	2021	2020
	\$m	\$m
Floating rate		
Expiring within one year	-	-
Expiring beyond one year*	500.4	792.3
	500.4	792.3

* Undrawn facilities are adjusted for \$29.6 million in bank guarantees (2020: \$37.7 million) drawn under the working capital facilities.

Subject to the continuance of satisfactory covenant compliance, the borrowing facilities may be drawn down at any time and have an average maturity of 2.7 years (2020: 3.6 years).

Maturity of financial liabilities

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

	< 1 year \$m	1 to 5 years \$m	> 5 years \$m	Total \$m
Consolidated as at 30 June 2021				
Trade and other payables	248.9	-	-	248.9
Financial liabilities at fair value through profit or loss	0.6	5.3	-	5.9
Lease liabilities	88.0	294.8	956.8	1,339.6
Borrowings	19.5	1,408.2	145.0	1,572.7
Total financial liabilities	357.0	1,708.3	1,101.8	3,167.1
Consolidated as at 30 June 2020				
Trade and other payables	184.5	-	-	184.5
Financial liabilities at fair value through profit or loss	0.4	45.8	0.5	46.7
Lease liabilities*	94.6	322.5	1,483.7	1,900.8
Borrowings	27.3	1,335.1	148.4	1,510.8
Total financial liabilities	306.8	1,703.4	1,632.6	3,642.8

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

22. Fair value measurement

(a) Fair value hierarchy

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

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

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

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

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

	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
At 30 June 2021				
Recurring fair value measurements				
Assets				
Investment properties	-	-	46.5	46.5
Assets classified as held for sale	-	-	1,660.2	1,660.2
Derivatives designated as hedges	-	22.4	-	22.4
Total assets	-	22.4	1,706.7	1,729.1
Liabilities				
Derivatives not designated as hedges	-	6.1	-	6.1
Total liabilities	-	6.1	-	6.1
At 30 June 2020				
Recurring fair value measurements				
Assets				
Investment properties	-	-	1,103.1	1,103.1
Assets classified as held for sale	-	-	200.1	200.1
Derivatives designated as hedges	-	55.4	-	55.4
Total assets	-	55.4	1,303.2	1,358.6
Liabilities				
Derivatives not designated as hedges	-	35.3	-	35.3
Total liabilities	-	35.3	-	35.3

There were no transfers between levels 1 and 2 for recurring fair value measurements during the financial year. For transfers in and out of level 3 measurements see (c(iv)) below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2021 or 30 June 2020.

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

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

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

Non-financial assets

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

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

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

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

The Minto Properties sale was completed mid-September 2020. The Russell Park investment property utilised the discounted cash flow and capitalisation approaches, which resulted in fair value estimate for this property being included in level 3.

As the Moorebank Logistics Park investment property is classified as held for sale, it is also included in level 3 and valued at the agreed sale value to the LOGOS Consortium less expected transaction costs and adjustments.

(c) Fair value measurements using significant unobservable inputs (level 3)

Financial instruments

- (i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy for financial instruments in year ended 30 June 2021 (30 June 2020: Nil).

Further, in the current year there were also no changes made to any of the valuation techniques applied as of 30 June 2020. However, it is noted that the MLP warehousing assets were fair valued as investment properties in FY20 and transferred to assets held for sale in FY21 where they were valued at sale value less costs to sell and adjustments.

- (ii) Valuation inputs and relationships to fair value

Contingent consideration

Actual consideration payable is contingent on certain future conditions including financial results, warranty periods and volume related targets. The minimum amount payable is \$ nil, and the maximum is \$ nil over the relevant period.

- (iii) Valuation processes

The finance department of the Group performs the valuations of non-property assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the Audit and Risk Management Committee at least once every six months, in line with the Group's reporting dates.

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using the weighted average cost of capital model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risks specific to the underlying business.
- Contingent consideration payable – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business, assessment of the likelihood of reaching any financial hurdles and how the current economic environment is likely to impact it.

Material changes in level 2 and 3 fair values are analysed at each reporting date during the half yearly valuation discussion between the CFO, and the Audit and Risk Management Committee. As part of this discussion the CFO presents a report that explains the reason for the fair value movements.

Non-financial assets

(iv) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2021.

(v) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements based on a discounted cashflow and capitalisation of earnings methodology:

Description	Fair value at 30 June 2021 \$m	Unobservable inputs	Range of inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	\$46.5	Discount rate	8.75%	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	8.75%	
		Capitalisation rate	8.50%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	0.57%	
		Rental growth rate	1.87%	The higher the rental growth rate, the higher the fair value
		Market rent (per sqm)	\$65.0	Market rent represents the net market income per sqm used for valuation purposes

(vi) Valuation processes

For level 3 assets being independently valued the Group engages external, independent and qualified valuers to determine the fair value at least annually.

The main level 3 inputs used by the Group are derived and evaluated as follows: Property assets – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an independent valuer or management based on comparable transactions and industry data.

For level 3 assets held for sale such as the Moorebank Logistics Park, they are valued at the agreed sale value to the LOGOS Consortium less expected transaction costs and adjustments.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated fair value less costs to sell for Moorebank Logistics Park

The fair value less costs to sell for MLP has been determined with reference to the consideration that is likely to be received for the sale, which includes an element of contingent consideration, less the fair value of contingent payments, estimated transaction costs and completion adjustments. The Group has applied a probability weighting in determining both the fair value of contingent consideration and contingent payments in order to estimate the expected cashflow.

- Contingent consideration – expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information whilst also considering the likelihood of the contingent adjustment occurring through a probability weighting.
- Contingent payments – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information whilst also considering the likelihood of the contingent adjustment occurring through a probability weighting.

GROUP STRUCTURE

This section provides information on the Group structure and helps users understand how changes in the Group structure affect the financial position and performance of the Group, including relevant accounting policies applied and critical judgements and estimates used.

Note	Page
23. Business combinations	108
24. Discontinued operations	113
25. Investment in equity accounted investments	114
26. Significant investments in subsidiaries	118
27. Non-controlling interests	122

23. Business combinations

- (a) On 31 March 2021 Qube completed the acquisition of 100% of the shares in Bluewood Industries Pty Ltd and 100% of units of CSR Trust for a total purchase consideration of \$22.1 million.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	
Cash paid	21.1
Completion adjustments	-
Contingent consideration	1.0
Total purchase consideration	22.1

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$m
Cash	0.2
Trade receivables	2.6
Property, plant and equipment	21.1
Deferred tax asset	0.1
Trade payables	(1.6)
Provision for employee benefits	(0.3)
Net identified assets acquired	22.1
Add: goodwill	-
Net assets acquired	22.1

- (i) Acquisition related costs

Acquisition related costs of \$0.04 million are included in professional fees in the consolidated statement of comprehensive income.

- (ii) Acquired receivables

The trade and other receivables of \$2.0 million have predominantly all been recovered.

- (iii) Revenue and profit contribution

The acquired business contributed revenues of \$4.5 million and EBIT of \$0.8 million to the Group for the period from 1 April 2021 to 30 June 2021.

If the acquisition had occurred on 1 July 2020, revenue and EBIT for the year ended 30 June 2021 would have been \$14.7 million and \$1.4 million respectively.

- (b) On 26 March 2021 Qube completed the acquisition of the Victorian and South Australian Forestry business from Les Walkden Enterprises Pty Limited for a total purchase consideration of \$14.5 million.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	
Cash paid	14.5
Completion adjustments	-
Total purchase consideration	14.5

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$m
Cash	-
Trade receivables	-
Deferred tax asset	0.1
Property, plant and equipment	13.9
Provision for employee benefits	(0.1)
Net identified assets acquired	13.9
Add: goodwill	0.6
Net assets acquired	14.5

The goodwill is attributable to the strategic advantages and market positioning this acquisition will provide Qube. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related costs

Acquisition related costs of \$0.05 million are included in professional fees in the consolidated statement of comprehensive income.

(ii) Revenue and profit contribution

The acquired business contributed revenues of \$4.0 million and EBIT of \$0.3 million to the Group for the period from 26 March 2021 to 30 June 2021.

If the acquisition had occurred on 1 July 2020, revenue and EBIT for the year ended 30 June 2021 would have been \$13.0 million and \$1.3 million respectively.

- (c) On 25 June 2021 Qube completed the acquisition of the selected Tasmanian mining services business from MDG Contracting Group Pty Ltd, MDG Hire Pty Ltd and MDG Labour Hire Pty Ltd for a total purchase consideration of \$16.9 million.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	
Cash paid	14.4
Completion adjustments	-
Contingent consideration	2.5
Total purchase consideration	16.9

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$m
Cash	-
Trade receivables	1.3
Deferred tax asset	0.1
Property, plant and equipment	8.1
Provision for employee benefits	(0.2)
Net identified assets acquired	9.3
Add: goodwill	7.6
Net assets acquired	16.9

The goodwill is attributable to the strategic advantages and market positioning this acquisition will provide Qube. None of the goodwill is expected to be deductible for tax purposes.

- (i) Acquisition related costs

Acquisition related costs of \$0.1 million are included in professional fees in the consolidated statement of comprehensive income.

- (d) On 5 January 2021 Qube completed the acquisition of 100% of the issued capital of Williams & Wilshier Limited and Pacific Haulage Limited for a total purchase consideration of \$17.1 million and assumption of \$14.8 million of debt.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	
Cash paid	17.1
Completion adjustments	-
Contingent consideration	-
Total purchase consideration	17.1

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$m
Cash	1.1
Trade receivables	2.8
Inventories and other debtors	1.3
Property, plant and equipment	24.6
Trade payables	(3.4)
Borrowings	(14.8)
Provision for employee benefits	(0.4)
Net identified assets acquired	11.2
Add: goodwill	5.9
Net assets acquired	17.1

The goodwill is attributable to the strategic advantages and market positioning this acquisition will provide Qube. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition related costs

Acquisition related costs of \$0.2 million are included in professional fees in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of \$2.8 million have predominantly all been recovered.

(iii) Revenue and profit contribution

The acquired business contributed revenues of \$15.5 million and EBIT of \$1.7 million to the Group for the period from 6 January 2021 to 30 June 2021.

If the acquisition had occurred on 1 July 2020, revenue and EBIT for the year ended 30 June 2021 would have been \$40.8 million and \$2.3 million respectively.

- (e) On 18 December 2020, Qube acquired the 50% of the issued capital of TQ Holdings Australia Pty Ltd (TQ) that it did not already own for a total purchase consideration of \$1.

Details of the purchase consideration, the provisionally determined net assets acquired and goodwill are as follows:

	\$m
Purchase consideration	
Cash paid	-
Completion adjustments	-
Total purchase consideration	-

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$m
Cash	0.1
Trade receivables	-
Deferred tax asset	0.2
Property, plant and equipment	0.4
Right of use assets	8.8
Trade payables	(0.1)
Lease liabilities	(9.4)
Net identified assets acquired	-
Add: goodwill	-
Net assets acquired	-

Revenue and profit contribution

The acquired business contributed revenues of \$0.4 million for the period from 19 December 2020 to 30 June 2021.

If the acquisition had occurred on 1 July 2020, consolidated revenue for the year ended 30 June 2021 would have been \$0.4 million.

- (f) Total business combination purchase consideration – cash outflow

	\$m
Outflow of cash to acquire above business combinations net of cash acquired	
Cash consideration	67.1
Less: Cash balances acquired	(1.4)
Net cash consideration	65.7
Minor acquisition	-
Outflow of cash – investing activities	65.7

ACCOUNTING POLICY

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

24. Discontinued operations

On 5 July 2021, Qube announced that it had entered into binding transaction documentation with the LOGOS Consortium for the sale of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets) for a price, before tax, transaction costs and adjustments, of around \$1.67 billion. This sale is expected to complete in the fourth quarter of this calendar year and is subject to satisfaction of several conditions including FIRB approval, MIC approvals to the change in ownership, resolution of a number of material issues with MIC and other conditions.

Given the strategic importance of the MLP to Qube, the transaction will only proceed if those approvals and the satisfaction of those conditions are deemed by the Board to be in the best interest of Qube shareholders.

The Group has considered the requirements of *AASB 5 – Non-current Assets held for sale and discontinued operations* in classifying the assets and liabilities as held for sale at 30 June 2021. This includes an assessment that the transaction will complete within 12 months of reporting date.

The Group has also determined that the transaction meets the definition of discontinued operations based on the requirements of *AASB 5 – Non-current Assets held for sale and discontinued operations*.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2021 and the year ended 30 June 2020.

	2021	2020
	\$m	\$m
Revenue	13.2	11.2
Other income	5.7	4.2
Fair value uplift	195.6	8.1
Operating expenses	(15.9)	(17.0)
Net finance costs	(4.9)	(1.4)
Profit before income tax	193.7	5.1
Income tax expense	(58.1)	(1.5)
Profit of discontinued operation	135.6	3.6
Net cash outflow from operating activities	-	(7.7)
Net cash inflow from investing activities	149.5	7.1
Net cash (outflow)/inflow from financing activities	(149.6)	1.2
Net increase in cash generated	(0.1)	0.6

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2021:

	2021 \$m
Property, plant and equipment	51.2
Investment property	1,529.9
Right of use assets	79.1
Total assets classified as held for sale	1,660.2
Lease liabilities	165.0
Total liabilities associated with assets classified as held for sale	165.0
Net assets of disposal group	1,495.2

25. Investment in equity accounted investments

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 30 June 2021. The entities listed below have share capital/units consisting solely of ordinary shares/units, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

Name of entity	Place of business/country of incorporation	% ownership interest		Carrying amount	
		2021 %	2020 %	2021 \$m	2020 \$m
Patrick ¹	Australia	50	50	541.9	560.6
Other equity accounted investments				36.9	49.3
				578.8	609.9

1. The Group's 50% investment in Patrick is held through PTH No.1 Pty Ltd. The carrying amount above excludes shareholder loans provided by Qube to PTH No.1 of \$237.4 million (\$297.0 million in June 2020) which also forms part of Qube's total investment in Patrick.

Other than Patrick, the Group's equity accounted investments are considered individually immaterial and are discussed in part (e) below.

(b) Joint operations

A subsidiary of the Group has a 34.37% interest in a joint arrangement called Precinct Land Trust (Land Trust) which was set up as a trust together with Moorebank Intermodal Company (MIC) to hold a leasehold interest in the precinct land at Moorebank contributed by Qube and MIC. Qube retains its residual freehold interest in the Moorebank Industrial Property Trust (MIPT) land at the end of the 99 year lease period and will enter into leases with Land Trust over time to get use of the combined precinct.

The principal place of business of the joint operation is in Australia.

The joint venture agreements in relation to Land Trust require unanimous consent from all parties for all relevant activities. As Qube will be providing substantially all of the cash inflows of Land Trust through lease payments and because there is joint control over Land Trust, it is accounted for as a joint operation from Qube's perspective. Land Trust forms part of the MLP Property Assets, as such the assets and liabilities associated with Land Trust have been disclosed as assets held for sale.

(c) Summarised financial information of joint ventures

The tables below provide summarised statutory financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Qube Holdings Limited's share of those amounts. They have been amended to reflect the adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy where material.

	PTH No.1 Pty Ltd (Patrick)		PTH No.1 Pty Ltd (Patrick)	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	\$m	\$m	\$m	\$m
Summarised balance sheet				
<i>Current assets</i>				
Cash and cash equivalents	24.3	40.8		
Other current assets	96.9	105.3		
Total current assets	121.2	146.1		
Non-current assets	3,918.0	4,014.4		
<i>Current liabilities</i>				
Financial liabilities*	16.9	0.6		
Other current liabilities	164.2	153.0		
Total current liabilities	181.1	153.6		
<i>Non-current liabilities</i>				
Financial liabilities*	1,053.5	988.0		
Shareholder loans	474.8	594.0		
Other non-current liabilities	1,373.4	1,430.9		
Total non-current liabilities	2,901.7	3,012.9		
Net Assets	956.4	994.0		
* - (excluding trade payables)				
			Reconciliation to carrying amounts	
			Opening net assets	994.0
			Profit/(loss) for the period	25.6
			Dividends	(68.5)
			Return of capital	-
			Movement in reserves	5.3
			Lease accounting policy change	-
			Closing net assets	956.4
			Group's share in %	50%
			Group's share in \$	478.2
			Goodwill	63.6
			Carrying amount	541.8
			Summarised statement of comprehensive income	
			Revenue	696.6
			Interest Income	0.1
			Depreciation & amortisation	(135.4)
			Interest expense	(115.5)
			Income tax expense	(10.0)
			Profit/(loss) for the period	25.6
			Other comprehensive income	5.3
			Total comprehensive income	30.9

A reconciliation of the underlying trading performance of Patrick to Qube's share of underlying net profit after tax per note 2 is included in the tables below for the years ended 30 June 2021 and 30 June 2020.

Patrick underlying contribution reconciliation (100%) For the year ended 30 June 2021	Statutory	Underlying	Underlying
	\$m	Adjustments ² \$m	\$m
Revenue	696.6	(17.1)	679.5
EBITDA	286.5	(46.3)	240.2
EBITA	178.4	(9.7)	168.7
EBIT	151.1	(9.7)	141.4
Interest expense (net) - External	(72.9)	49.4	(23.5)
Interest expense - Shareholders	(42.6)	-	(42.6)
Net profit before tax	35.6	39.7	75.3
Tax (@ 30%)	(10.0)	(12.6)	(22.6)
Net profit after tax	25.6	27.1	52.7
Net profit after tax pre-amortisation	44.7	27.1	71.8
Qube share (50%) of net profit after tax	12.8	13.6	26.4
Qube interest income net of tax from Patrick ¹	14.9	-	14.9
Qube net profit after tax from Patrick	27.7	13.6	41.3
Qube share (50%) of net profit after tax pre-amortisation	22.3	13.6	35.9
Qube net profit after tax pre-amortisation from Patrick (50%)	37.2	13.6	50.8

Patrick underlying contribution reconciliation (100%) For the year ended 30 June 2020	Statutory \$m	Underlying Adjustments² \$m	Underlying \$m
Revenue	657.9	(33.1)	624.8
EBITDA	220.9	(31.8)	189.1
EBITA	119.7	4.4	124.1
EBIT	95.4	4.4	99.8
Interest expense (net) - External	(73.9)	48.5	(25.4)
Interest expense - Shareholders	(43.8)	-	(43.8)
Net profit before tax	(22.3)	52.9	30.6
Tax (@ 30%)	6.6	(15.8)	(9.2)
Net profit after tax	(15.7)	37.1	21.4
Net profit after tax pre-amortisation	1.3	37.1	38.4
Qube share (50%) of net profit after tax	(7.8)	18.5	10.7
Qube interest income net of tax from Patrick ¹	15.3	-	15.3
Qube net profit after tax from Patrick	7.5	18.5	26.0
Qube share (50%) of net profit after tax pre-amortisation	0.7	18.5	19.2
Qube net profit after tax pre-amortisation from Patrick (50%)	16.0	18.5	34.5

1. Qube's share of shareholder interest income is subject to a 30% tax charge by Qube, whereas Qube's share of profit from Patrick trading results has already been tax effected.
2. For the year ended 30 June 2021 underlying adjustments included \$0.2 million in other non-recurring debt transaction and restructure costs and AASB 16 leasing adjustments of \$39.5 million. The prior year underlying adjustments included \$9.4 million in other non-recurring debt transaction and restructure costs and AASB 16 leasing adjustments of \$43.5 million.

(d) Impairment

The recoverable amounts of the equity accounted investments were determined based on a fair value less cost to sell calculation, except for Prixcar (which has an equity value of \$nil), using cash flow projections derived from financial budgets and forecasts covering a four to five year period with a terminal value. The post-tax discount rates used were as follows:

- Patrick – 8.6%
- Northern Stevedoring Services Pty Ltd (NSS) – 9.35%

As part of the business combination whereby TQ Holdings Pty Ltd (TQ) became a wholly owned subsidiary of Qube, immediately prior to consolidating TQ, the existing TQ equity accounted investment was fair valued resulting in an impairment of \$11.1 million.

(e) Individually immaterial associates and joint ventures

In addition to the interests disclosed above in Patrick, the Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method.

	2021 \$m	2020 \$m
Aggregate carrying amount of individually immaterial associates and joint ventures ¹	36.9	49.3
Aggregate amounts of the Group's share of:		
Profit for the year	1.3	0.7
Other comprehensive income	-	-
Total comprehensive income	1.3	0.7

¹ "K" Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, TQ Holdings Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd (IMG) and Southern Export Terminals Pty Ltd. TQ Holdings Pty Ltd ceased being an associate in December 2020 and became a subsidiary.

(f) Contingent liabilities of associates and joint ventures

Qube's share of the contingent liabilities of its associates and joint ventures has been disclosed in note 28.

ACCOUNTING POLICY

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint operations

Qube recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in (b) above.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its joint arrangements and associates' post acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint arrangements or associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint arrangement or associate.

Unrealised gains on transactions between the Group and its joint arrangements and associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint arrangements and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of investments accounted for using the equity method

Where indicators of impairment exist, the Group has undertaken a valuation of its investments accounted for using the equity method based on its proportionate ownership of these businesses. The recoverable amount of each investment (other than Prixcar) is determined using a discounted cash flow model which requires the use of assumptions that may be subject to change. The general valuation assumptions also include a post tax discount rate range of 8.6% (Patrick) to 9.35% (NSS).

Significant judgement: consolidation of entities with 50% ownership

The directors have concluded that where the Group holds 50% of the voting rights of an entity that this does not in itself confer that the Group has control of that entity. To establish whether control exists, the Group determines whether it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In the case of PTH No.1 Pty Ltd, Northern Stevedoring Services Pty Ltd, "K" Line Auto Logistics Pty Ltd, Southern Export Terminals Pty Ltd, Intermodal Group Pty Ltd and Intermodal Train Services Pty Ltd, Qube does not have the ability to affect returns of these entities without the prior consent of the remaining shareholders and therefore these are accounted for as associates as outlined in the accounting policy above.

26. Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Class of shares/units	Equity holding	
			2021 (%)	2020 (%)
Qube Holdings Limited*	Australia	Ordinary		
Qube Employee Share Accumulation Plan Pty Ltd	Australia	Ordinary	100	100
Qube Logistics Trust*	Australia	Ordinary	100	100
Qube Equity Ltd*	Australia	Ordinary	100	100
KW Auto Logistics Pty Ltd*	Australia	Ordinary	100	100
K-NSS Pty Ltd*	Australia	Ordinary	100	100
Oversea & General Stevedoring Co Pty Ltd*	Australia	Ordinary	100	100
K-AA Terminals Pty Ltd*	Australia	Ordinary	100	100
P&O Wharf Management Pty Ltd*	Australia	Ordinary	100	100
Jingle SPV1 Pty Ltd	Australia	Ordinary	100	100
Jingle SPV2 Pty Ltd	Australia	Ordinary	100	100
Qube Infrastructure & Property Division:				
Qube Terminals Pty Ltd*	Australia	Ordinary	100	100
Qube Terminals Investments Pty Ltd	Australia	Ordinary	100	100
Qube Property Management Services Pty Ltd*	Australia	Ordinary	100	100
Qube RE Services Pty Ltd*	Australia	Ordinary	100	100
Qube Properties Pty Ltd*	Australia	Ordinary	100	100
Qube Bulk Liquids Pty Ltd*	Australia	Ordinary	100	100
KIL Property Investments Pty Ltd*	Australia	Ordinary	100	100
KFM Property Logistics 1 Pty Ltd*	Australia	Ordinary	100	100
Minto Properties Pty Ltd*	Australia	Ordinary	100	100
Moorebank Industrial Property Trust*	Australia	Ordinary	100	100
Qube RE Services (No.2) Pty Ltd*	Australia	Ordinary	100	100
Qube MB Warehousing Pty Ltd*	Australia	Ordinary	100	100
Moorebank Industrial Hold Trust*	Australia	Ordinary	100	100
Moorebank Industrial Investment Trust*	Australia	Ordinary	100	100
Qube Moorebank Warehousing Trust*	Australia	Ordinary	100	100
Moorebank Industrial Warehouse Hold Trust*	Australia	Ordinary	100	100
Moorebank Industrial Warehouse Trust*	Australia	Ordinary	100	100
Moorebank Industrial Terminals Asset Hold Trust*	Australia	Ordinary	100	100
Moorebank Industrial Terminals Asset Trust*	Australia	Ordinary	100	100
Moorebank Industrial Terminals Operations Hold Trust*	Australia	Ordinary	100	100
Moorebank Industrial Terminals Operations Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Holding Pty Ltd*	Australia	Ordinary	100	100
Qube (AU) Moorebank Pty Ltd*	Australia	Ordinary	100	100
Qube (AU) Moorebank Investment Pty Ltd*	Australia	Ordinary	100	100
Qube (AU) Moorebank Unit Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Intermodal Hold Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Intermodal Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Warehouse Hold Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Warehouse Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Warehouse Lot Hold Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Terminals Assets Hold Trust*	Australia	Ordinary	100	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding	
			2021 (%)	2020 (%)
Qube (AU) Moorebank Terminals Assets Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Terminals Operations Hold Trust*	Australia	Ordinary	100	100
Qube (AU) Moorebank Terminals Operations Trust*	Australia	Ordinary	100	100
Beveridge Terminals Holdings Pty Ltd*	Australia	Ordinary	100	100
Beveridge Terminals Holdings Trust*	Australia	Ordinary	100	100
Beveridge Terminals Pty Ltd*	Australia	Ordinary	100	100
Beveridge Terminals Trust*	Australia	Ordinary	100	100
Beveridge Warehouse Holdings Pty Ltd*	Australia	Ordinary	100	100
Beveridge Warehouse Holdings Trust*	Australia	Ordinary	100	100
Beveridge Warehouse Pty Ltd*	Australia	Ordinary	100	100
Beveridge Warehouse Trust*	Australia	Ordinary	100	100
Beveridge Property Management Services Pty Ltd*	Australia	Ordinary	100	100
Qube Operating Division:				
K-POAGS Pty Ltd*	Australia	Ordinary	100	100
KFM Logistics Investments 2 Pty Ltd*	Australia	Ordinary	100	100
Qube Ports Pty Ltd*	Australia	Ordinary	100	100
K-POTA Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (Aust) Pty Ltd*	Australia	Ordinary	100	100
Qube Ports (No 1) Pty Ltd*	Australia	Ordinary	100	100
Qube Bulk Pty Ltd*	Australia	Ordinary	100	100
Qube Energy Pty Ltd*	Australia	Ordinary	100	100
Markhaven Pty Ltd*	Australia	Ordinary	100	100
Qube Defence Logistics Pty Ltd*	Australia	Ordinary	100	100
Stonecrest Enterprises Pty Ltd*	Australia	Ordinary	100	100
Giacci Holdings Pty Ltd*	Australia	Ordinary	100	100
Giacci Port Services Pty Ltd*	Australia	Ordinary	100	100
Giacci Limestone Pty Ltd*	Australia	Ordinary	100	100
Giacci Group Operations Pty Ltd*	Australia	Ordinary	100	100
Giacci SA Pty Ltd*	Australia	Ordinary	100	100
Giacci Bros. Pty Ltd*	Australia	Ordinary	100	100
Giacci Management Services Pty Ltd*	Australia	Ordinary	100	100
Giacci NT Pty Ltd*	Australia	Ordinary	100	100
Giacci Contracting Pty Ltd*	Australia	Ordinary	100	100
Jamlewin Enterprises Pty Ltd*	Australia	Ordinary	100	100
Qube Learning Pty Ltd	Australia	Ordinary	100	100
W Qube Port of Dampier Pty Ltd*	Australia	Ordinary	100	100
Beaumont Transport Pty Ltd*	Australia	Ordinary	100	100
BBH Services Pty Ltd*	Australia	Ordinary	100	100
Latot Pty Ltd*	Australia	Ordinary	100	100
Qube Offshore Services Pty Ltd	Australia	Ordinary	100	100
Oztran Aust Pty Ltd*	Australia	Ordinary	100	100
Oztran Assets Pty Ltd*	Australia	Ordinary	100	100
Stanton Oztran Pty Ltd*	Australia	Ordinary	100	100
Australian Heavy Logistics Pty Ltd*	Australia	Ordinary	100	100
Qube Forestry Pty Ltd*	Australia	Ordinary	100	100
NZ Bidco Ltd	New Zealand	Ordinary	100	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding	
			2021 (%)	2020 (%)
ISO Ltd	New Zealand	Ordinary	100	100
Pacific Shipping Services Ltd	New Zealand	Ordinary	100	100
Marshalling Solutions LLC	United States	Ordinary	100	100
Qube International Pte Ltd	Singapore	Ordinary	100	100
Continental Freight Employees Unit Trust	Australia	Ordinary	100	100
Qube Energy Sdn BHD	Malaysia	Ordinary	100	100
BOMC Pte Ltd	Singapore	Ordinary	54	54
BOMC Services Pte Ltd**	Singapore	Ordinary	54	54
PT Bintan Offshore Marine Centre**	Indonesia	Ordinary	54	54
Qube Pte Ltd	Singapore	Ordinary	51	51
Qube Logistics (Qld) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (Global) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (NZ) Limited	New Zealand	Ordinary	100	100
Qube Logistics (SB) Pty Ltd *	Australia	Ordinary	100	100
Qube Logistics (NSW) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT1) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT2) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT3) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT4) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT5) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (QldT6) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (Vic) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (WA) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (WA1) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (H&S) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (Rail) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (SA) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (SA1) Pty Ltd*	Australia	Ordinary	100	100
Macarthur Intermodal Shipping Terminal Pty Ltd*	Australia	Ordinary	100	100
Independent Railways of Australia Pty Ltd*	Australia	Ordinary	100	100
Independent Railroad of Australia Pty Ltd*	Australia	Ordinary	100	100
Rail Equipment Leasing Pty Ltd*	Australia	Ordinary	100	100
Bowport All Roads Transport Pty Ltd*	Australia	Ordinary	100	100
Indy Equipment Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (WA2) Pty Ltd*	Australia	Ordinary	100	100
Qube Logistics (SL) Pty Ltd*	Australia	Ordinary	100	100
D&J Holding Co Pty Ltd*	Australia	Ordinary	100	100
D&J Subsidiary Co Pty Ltd*	Australia	Ordinary	100	100
Maritime Container Services Pty Ltd*	Australia	Ordinary	100	100
Australian Grain Packers Pty Ltd*	Australia	Ordinary	100	100
Australian Grain Handlers Pty Ltd*	Australia	Ordinary	100	100
Lasso Logistics Pty Ltd	Australia	Ordinary	100	100
Crane and Haulage Partners Holdings Ltd	Cayman Islands	Ordinary	100	100
C&H Finance Pty Ltd*	Australia	Ordinary	100	100
C&H Employee Services Pty Ltd*	Australia	Ordinary	100	100
C&H Acquisition Pty Ltd*	Australia	Ordinary	100	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding	
			2021 (%)	2020 (%)
LCR Holdco Pty Ltd*	Australia	Ordinary	100	100
LCR Finance Pty Ltd*	Australia	Ordinary	100	100
LB Consolidated Pty Ltd*	Australia	Ordinary	100	100
LCR Group Pty Ltd*	Australia	Ordinary	100	100
LCR PNG Ltd	Papua New Guinea	Ordinary	100	100
LPE Pty Ltd*	Australia	Ordinary	100	100
Canopus Pty Ltd*	Australia	Ordinary	100	100
LCR Holdings Group Pty Ltd*	Australia	Ordinary	100	100
LCR Finance Trust*	Australia	Ordinary	100	100
LCR Properties Group Pty Ltd*	Australia	Ordinary	100	100
LCR Properties Group Trust*	Australia	Ordinary	100	100
LCR Mining Group Pty Ltd*	Australia	Ordinary	100	100
LCR Mining Group Trust*	Australia	Ordinary	100	100
LCR Haulage Group Pty Ltd*	Australia	Ordinary	100	100
LCR Haulage Group Trust*	Australia	Ordinary	100	100
Chalmers Pty Ltd*	Australia	Ordinary	100	100
Chalmers Industries Pty Ltd*	Australia	Ordinary	100	100
Chalmers (Australia) Pty Ltd*	Australia	Ordinary	100	100
Chalmers Industries Brisbane Pty Ltd*	Australia	Ordinary	100	100
Chalmers 20 Cawley Road Pty Ltd*	Australia	Ordinary	100	100
Australian Automotive Terminals Pty Ltd*	Australia	Ordinary	100	100
Australian Amalgamated Terminals Pty Ltd*	Australia	Ordinary	100	100
AAT Port Kembla Pty Ltd*	Australia	Ordinary	100	100
Cargo Marshalling Services Pty Ltd*	Australia	Ordinary	100	100
Qube Agri Investments Pty Ltd*	Australia	Ordinary	100	100
Quattro P RE Services Pty Ltd	Australia	Ordinary	100	100
Quattro Grain Trust	Australia	Ordinary	100	100
Bluewood Industries Pty Ltd	Australia	Ordinary	100	-
CSR Trust	Australia	Ordinary	100	-
Williams & Wilshier Limited	New Zealand	Ordinary	100	-
Pacific Haulage Limited	New Zealand	Ordinary	100	-
TPW Workshops Limited	New Zealand	Ordinary	100	-

* These subsidiaries have taken advantage of relief from the necessity to prepare financial reports in accordance with ASIC Corporations instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 37.

** Qube's economic interest in these entities is 54% due to its holding in BOMC Pte Ltd (holding company of the BOMC group)

ACCOUNTING POLICY

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 23).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Qube.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

27. Non-controlling interests

(a) Non-controlling interests ('NCI') share of equity

	2021 \$m	2020 \$m
Interest in:		
Share capital	-	-
Reserves	-	-
Retained losses	(3.0)	(3.2)
	(3.0)	(3.2)

Retained losses in FY21 and FY20 are in relation to PT Bintan Offshore Marine Centre.

In March 2020, Qube International Pte Ltd, disposed of 16% of its shares in its subsidiary BOMC Pte Ltd (BOMC) for \$5.2 million (\$\$4.6 million). As Qube maintained control and continued to consolidate BOMC, no profit or loss was booked and the transaction is disclosed in transactions with non-controlling interests reserve (refer note 19(a)). Prior to the sale, the carrying amount of the existing 30% non-controlling interest in BOMC was \$2.1 million. The Group recognised an increase in equity attributable to owners of the parent of \$1.1 million. The effect on the equity attributable to the owners of Qube Holdings Limited during the year is summarised as follows:

	2021 \$m	2020 \$m
Increase in equity relating to carrying amount of non-controlling interest disposed	-	1.1
Consideration received from non-controlling interest	-	5.2
Excess of consideration received recognised in the transactions with non-controlling interests reserve within equity	-	6.3

UNRECOGNISED ITEMS

The section provides information about items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance.

Note	Page
28. Contingencies	123
29. Commitments	124
30. Events occurring after the reporting period	124

28. Contingencies

Contingent liabilities

Guarantees

The parent entity has provided unsecured bank guarantees amounting to \$69.4 million (2020: \$54.2 million).

Qube issued a parent company guarantee in support of its 50% share of Prixcar's transactional banking facilities. The guarantee is limited to \$8.95 million plus accrued interest and costs should the guarantee be enforced.

Contamination at Moorebank

As part of the original Moorebank transaction entered into by SIMTA (now 100% owned by Qube) and the Moorebank Intermodal Company (MIC), MIC assumed responsibility for contamination arising from development activities being undertaken on Commonwealth owned land at Moorebank unless it arose as a result of a breach by Qube of its obligations under the Development and Operations Deed (DOD).

As at the reporting date, based on Qube's knowledge and performance of its development activities, Qube has not breached its obligations in a respect that would create a material liability under the DOD relating to contamination.

The monetisation arrangements with LOGOS do not change the respective liability of SIMTA / Qube and MIC for contamination.

Events of Default

Interstate Terminal

MIC has given notice that in its view an Event of Default has occurred for SIMTA / Qube failing to complete the Interstate Terminal by March 2021. This is disputed by Qube.

As at the date of these accounts, Qube does not expect to have any material exposure under this indemnity. This assessment is based on Qube's expected relief event entitlements and current discussions with MIC to agree a cure plan that would resolve the disputed Event of Default.

Other

As part of the monetisation transaction, Qube is providing LOGOS with an indemnity in relation to any events of default caused by Qube that impact upon LOGOS' ability to obtain construction licences for warehouse development. The quantum of the indemnity exposure is agreed on a value per square metre basis of warehouse development impacted and the indemnity falls away when the DOD split occurs (effectively 12 months after completion of the Interstate terminal works required under the DOD).

In assessing the expected net proceeds of the LOGOS transaction for the purpose of the preparation of these accounts, Qube has assessed the fair value of this indemnity as immaterial. This conclusion is based on Qube's assessment as to the likelihood of events occurring that would enliven the indemnity for the period until the indemnity falls away.

29. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting period, but not recognised as liabilities is as follows:

	2021	2020
	\$m	\$m
Payable:		
Within one year	452.0	384.9
Later than one year but not later than five years	266.6	464.1
Later than five years	11.6	-
	730.2	849.0

The above balance comprises capital expenditure required for contracted works and new items of plant and equipment.

Under the DOD, Qube is committed to develop an Interstate Terminal at Moorebank that meets certain minimum requirements. Qube is presently in discussions with MIC to finalise the precise scope and timing for delivery of this terminal as part of the cure plan process referenced in Note 28. Additionally, the ongoing discussions relating to securing MIC's consent for the monetisation process may result in Qube funding and/or owning less than 100% of the development cost of the Interstate Terminal. As a result of these circumstances, Qube's expected funding commitment cannot be reliably determined at 30 June 2021.

The total minimum project capex for MLP only includes capex relating to warehouses for which tenants have been secured to date or are in final negotiation. Capex for the additional warehouses will be driven by tenant demand and whether or not new warehouses are funded by Qube.

Qube is also required to enter into leases and make ground lease rental payments to Precinct Land Trust (of which Qube owns around 34.37% and MIC owns 65.63%) with leases being executed and payments commencing 12 months after Qube has signed a binding lease agreement with a tenant (and payable only in respect of the land area to be utilised for that particular tenant). However, irrespective of whether or not Qube has secured tenants for the relevant area, it must pay ground rent on 50% of the total developable area 10 years after financial close (which occurred in January 2017) and on 100% of the total developable area 15 years after financial close. The net present value of the minimum expected lease payments assuming 50% of ground rent payable at year 10 and 100% at year 15 (after allowing for cpi escalation) is around \$294 million, or around \$193 million after adjusting for Qube's entitlement to 34.37% of the lease payments. It is noted that Qube's financial analysis for the Moorebank project assumed that it would have developed most of the developable area within approximately 10 years from financial close.

Under the terms of the monetisation LOGOS will reimburse Qube for capex incurred by Qube relating to the MLP Property Assets from 1 July 2021 until completion of the transaction. In addition, LOGOS will assume and Qube will be relieved of its obligations in relation to future ground rent payable to Land Trust on the warehousing land and the future rail access charges payable to the MIC owned Rail Trust. The Capital commitments above do not reflect the reduced commitments that would result from the completion of the monetisation.

Qube estimates that its remaining total capital expenditure obligations at MLP post completion of the monetisation will be in the order of \$200-\$300 million. This expenditure mainly comprises completion of the IMEX automation and Stage 1 of the Interstate Terminal (and assumes that Qube retains responsibility for funding 100% of the Interstate Terminal). Stage 2 of the Interstate Terminal will be undertaken subject to future demand.

30. Events occurring after the reporting period

Matters subsequent to the end of the financial year

On 5 July 2021, Qube announced that it had exchanged binding contracts for the sale of the warehousing components of MLP with the LOGOS consortium. This sale is expected to be completed in the final quarter of calendar 2021 subject to satisfaction of several conditions including FIRB approval, MIC approvals to the change in ownership, resolution of a number of material issues with MIC and other conditions.

The financial statements have been prepared on the basis that this transaction will go ahead and the assets and liabilities sold have been disclosed as held for sale assets and liabilities and the income statement adjusted to reflect the discontinued operations.

Given the strategic importance of the MLP to Qube, the transaction will only proceed if those approvals and the satisfaction of those conditions are deemed by the Board to be in the best interest of Qube Shareholders.

Post financial year-end, construction activities at MLP have been impacted by the COVID-19 related lockdown in Sydney which may impact the timing for delivery of certain works and the total capex spend in FY22.

Matters subsequent to the end of the financial year (continued)

At the date of this report, other than as noted with respect to MLP construction activities, the recent lockdowns across several states in Australia and in New Zealand have not had a significant impact on activity levels or operations across Qube's business. Qube will continue to monitor the changing nature of the pandemic, including COVID-19 restrictions, and will seek to mitigate the impact of any developments that could adversely impact Qube's operations.

Except as outlined in the Directors' report or noted above, no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

OTHER NOTES

This section includes items requiring disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, but are not considered critical in understanding the financial performance or position of the Group, including relevant accounting policies applied, as well as other accounting policies applied which are not covered elsewhere in the notes to the financial statements.

Note	Page
31. Derivative Financial Instruments	126
32. Reconciliation of profit after income tax to net cash inflow from operating activities	128
33. Remuneration of auditors	130
34. Related party transactions	131
35. Key management personnel disclosures	132
36. Share-based payments	133
37. Deed of cross guarantee	135
38. Parent entity financial information	137
39. Prior year restatement	138
40. Summary of other accounting policies	139

31. Derivative Financial Instruments

The Group enters into derivative financial instruments in the normal course of business in order to hedge its interest rate and foreign currency risk exposure in accordance with the Group's financial risk management policies (refer to note 21). Derivatives are only used for economic hedging purposes and not as speculative investments. The following table shows the notional value of the derivative instruments held by the Group, the nature of the hedge relationship with the underlying debt instrument and their fair value as at the reporting date.

Derivative Instrument	Nature of Hedge	Notional amount	Asset	Liability
		\$m	\$m	\$m
Year ended 30 June 2021				
Cross-currency interest rate swaps	Cash flow hedge	189.6	9.6	-
	Fair value hedge	189.6	12.7	-
Foreign exchange options	Cash flow hedge	8.3	0.1	-
Forward exchange contracts	Cash flow hedge	13.7	-	0.2
Interest rate derivatives	Not hedge accounted	380.0	-	5.9
Current			0.1	0.9
Non-current			22.3	5.2
Year ended 30 June 2020				
Cross-currency interest rate swaps	Cash flow hedge	189.6	28.5	-
	Fair value hedge	189.6	25.5	-
Foreign exchange options	Cash flow hedge	33.0	1.4	-
Forward exchange contracts	Cash flow hedge	21.3	-	0.4
Interest rate derivatives	Not hedge accounted	730.0	-	34.9
Current			0.9	0.8
Non-current			54.5	34.5

Cross-currency interest rate swap (CCIRS)

The Group's medium-term notes create both an interest rate and a foreign currency risk exposure. The Group's policy is to minimise its exposure to both USD interest rate and exchange rate movements. Accordingly, the Group has entered into a series of CCIRS which cover 100% of the USPP principals outstanding and are timed to expire when each USPP loan matures. These swaps also swap the obligation to pay fixed USD interest to floating AUD interest. If the swaps held are no longer effective in hedging the interest rate and foreign currency risk exposure, management will reassess the value in continuing to hold the swap.

In accordance with the accounting policy, these CCIRS have been designated as fair value and cash flow hedges with movements in fair value recognised through profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk for fair value hedges or in equity in the cash flow hedge reserve for cash flow hedges, whilst they are still in an effective hedge relationship.

Interest rate derivatives

Borrowings of the Group (excluding leases) currently bear an average interest rate of 2.7% on drawn debt and total facilities in place at year end, including margin, commitment and establishment fees. The Group manages cash flow interest rate risk by using interest rate swaps, interest rate callable swaps and interest rate collars.

Hedging instruments in place including forward starting hedges, cover approximately 28% (2020: 57.9%) of the variable loan principal outstanding and have a weighted average minimum and maximum base rate of 0.8% and 1.9% respectively. Hedges with a notional principal totalling \$60 million (FY20 \$240 million) have forward start dates commencing in FY22. Excluding these forward starts, hedging covered approximately 24% of the floating rate loan principal.

As the Group has not designated these derivatives as hedging instruments for accounting purposes, the changes in the fair value are recognised immediately in profit or loss.

Forward exchange contracts and Foreign exchange options

The Group has exposure to movements in foreign currency exchange rates through anticipated purchases of parts and equipment. There has been no material hedge ineffectiveness during the period between designation of these forward exchange rate contracts and foreign exchange options and the reporting date. The movement in fair value has been deferred in the cash flow hedge reserve and will be released when the anticipated transactions occur.

ACCOUNTING POLICY

Derivatives that qualify for hedge accounting

Qube has entered into derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. At the inception, Qube designates and documents these derivative instruments into a hedging relationship with the applicable hedged items, noting its risk management objective and strategy for undertaking the hedge transaction.

Qube documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income or expense.

Changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument, as the hedging instrument are included in the cost of hedging reserve.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item are recognised within other comprehensive income (OCI) in the costs of hedging reserve within equity.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously in the cash flow hedge reserve are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, no longer qualifies for hedge accounting, or when Qube revokes designation. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the profit or loss.

32. Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 \$m	2020 \$m
(a) Net cash inflow from operating activities		
Profit for the year	91.8	86.6
Depreciation and amortisation	234.8	226.9
Non-cash employee benefits expense – share-based payments	7.8	7.0
Fair value adjustment to investment properties	(202.1)	(45.1)
Fair value (gains)/losses on financial instruments at fair value through profit or loss	(5.6)	14.8
Impairment of investment and loans in associates	14.9	6.9
Impairment of property, plant and equipment	202.2	-
Quattro acquisition impairment of equity accounted investment	-	11.2
Quattro bargain purchase	-	(14.7)
(Profit)/loss on sale of property plant and equipment	(1.9)	4.6
Share of loss of associates (net of dividends received)	22.7	9.0
Capitalised debt establishment costs and interest	(15.2)	(11.8)
Finance costs on leases	9.7	5.9
Rental straight lining adjustment	(1.1)	(2.0)
Loss on cancellation of sub-lease	0.3	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
Increase in trade debtors and other receivables	(44.0)	(0.7)
Increase in inventories	(1.5)	(0.7)
Increase in deferred tax assets	(106.9)	(51.5)
Decrease/(Increase) in trade creditors	39.9	(8.1)
Decrease in other operating liabilities	8.6	17.7
Increase/(Decrease) in provision for income taxes payable	6.2	(19.8)
Decrease in deferred tax liabilities	76.8	58.3
Increase in other provisions	21.2	0.6
Net cash inflow from operating activities	358.6	295.1
(b) Non-cash investing and financing activities		
Non-cash investing and financing activities disclosed in other notes are:		
<ul style="list-style-type: none"> • acquisition of right-of-use asset – note 9(a) • dividends satisfied by the issue of shares under the dividend reinvestment plan – note 18(a), and • options and shares issued to employees under the employee share scheme – note 36 		

(c) Net debt reconciliation

The table below details changes in the Group's net debt arising from financing activities, including both cash and non-cash changes.

	Borrowings*	Leases	Subtotal	Cash and cash equivalents	Total
	\$'m	\$'m	\$'m	\$'m	\$'m
Net debt as at 30 June 2019	1,494.3	13.3	1,507.6	(139.9)	1,367.7
Recognised on adoption of AASB 16	-	613.5	613.5	-	613.5
Correction of error**	-	37.6	37.6	-	37.6
<hr/>					
Cash flows	(54.8)	(75.6)	(130.4)	(86.2)	(216.6)
Additions & acquisitions of subsidiaries	-	177.7	177.7	-	177.7
Lease interest expense capitalised	-	5.9	5.9	-	5.9
Fair value and foreign exchange adjustments	24.3	-	24.3	1.9	26.2
Correction of error**	-	1.5	1.5	-	1.5
Variable lease adjustments	-	2.0	2.0	-	2.0
Net debt as at 30 June 2020	1,463.8	775.9	2,239.7	(224.2)	2,015.5
Cash flows	85.2	(68.3)	16.9	93.4	110.3
Additions & acquisitions of subsidiaries	14.8	112.9	127.7	-	127.7
Reclassification of leases to held for sale	-	(165.0)	(165.0)	-	(165.0)
Lease interest expense capitalised	-	9.7	9.7	-	9.7
Fair value and foreign exchange adjustments	(30.6)	-	(30.6)	5.0	(25.6)
Modifications and lease re-assessments	-	59.5	59.5	-	59.5
Variable lease adjustments	-	(7.6)	(7.6)	-	(7.6)
Net debt as at 30 June 2021	1,533.2	717.1	2,250.3	(125.8)	2,124.5

* Excludes capitalised establishment costs.

**Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

33. Remuneration of auditors

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

	2021	2020
	\$'000	\$'000
(a) PwC Australia		
(vi) Audit and other assurance services		
- Audit and review of financial statements	1,135.6	915.5
- Audit of other subsidiary financial statements	-	13.4
Total remuneration for audit and other assurance services	1,135.6	928.9
(vii) Taxation services		
- Tax compliance services	63.8	64.7
- Tax advisory services	29.6	230.1
Total remuneration for taxation services	93.4	294.8
(viii) Other services		
- Due diligence services	-	41.7
- Other services	301.1	328.7
Total remuneration for other services	301.1	370.4
Total remuneration of PwC Australia	1,530.1	1,594.1
(b) Non-PwC audit firms		
(ix) Audit and other assurance services – audit and review of financial statements	47.0	212.4
(x) Taxation services – tax compliance services	-	117.1
(xi) Other assurance services – other services	-	4.4
Total remuneration of non-PwC audit firms	47.0	333.9
Total auditors' remuneration	1,577.1	1,928.0

34. Related party transactions

(a) Parent entity

The ultimate parent entity and ultimate controlling party of the Group is Qube Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 35.

(d) Transactions with other related parties

The main services that have occurred relate to stevedoring services provided to Wallenius Wilhelmsen and terminal access fees paid to Patrick, in each case on normal commercial terms. Wallenius Wilhelmsen was no longer considered to be a related party as from 28 November 2020.

The following transactions occurred with related parties:

	2021	2020
	\$m	\$m
Stevedoring services		
received from other related entities and associates	28.3	53.2
paid to associates	27.8	23.0
Logistics, fuel services and management fees		
received from associates and other related parties	0.1	2.5
paid to associates and other related parties	0.1	0.2
Rental income received from associates	2.0	5.2
Dividend income received from associates	37.0	1.9

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2021	2020
	\$m	\$m
Associates and other related parties		
Current receivables (provision of services)	1.5	6.5
Current payables (payment for services)	1.9	1.9

(f) Loans to related parties

Loans to other associated entities totalled \$248.5 million (2020: \$307.4 million) at the end of the year. Included in this total is \$237.4 million (2020: \$297.0 million) in shareholder loans provided to Patrick, \$24.2 million (2020: \$23.3 million) in shareholder loans to Prixcar and a shareholder loan of \$3.6 million (2020: \$nil) to IMG. Refer to note 7 for further information in relation to the loan with Patrick. Other loans to associates have been classified within other assets on the Balance Sheet.

Loan repayments of \$59.4 million (2020: \$3.2 million) were received from associated entities during the year.

The Shareholder loan with Prixcar has been impaired to \$7.5 million (2020: \$10.4 million). No impairment issues were noted in relation to Patrick.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

35. Key management personnel disclosures

(a) Key management personnel compensation	2021	2020
	\$'000	\$'000
Short-term employee benefits	6,665.7	6,678.0
Post-employment benefits	405.1	121.0
Long-term benefits	122.2	115.3
Share-based payments	3,655.5	3,518.0
	10,848.5	10,432.3

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Equity instrument disclosures relating to key management personnel

The numbers of ordinary shares in the Company held during the financial year by each director of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2021	Opening balance	Received as part of remuneration	Other changes	Closing balance
Directors of Qube Holdings Limited	15,910,007	384,013	(237,923)	16,056,097
Other key management personnel of the Group	5,316,565	544,433	345,624	6,206,622
2020				
Directors of Qube Holdings Limited	12,257,724	1,474,694	2,177,589	15,910,007
Other key management personnel of the Group	2,850,761	2,041,863	423,941	5,316,565

(c) Loans to key management personnel

No loans have been provided to the directors of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties.

36. Share-based payments

(a) Share Appreciation Rights

During FY21 Qube issued Share Appreciation Rights (SARs) to incentivise and retain key executives to achieve share value-based objectives that are subject to performance conditions tied directly to shareholder wealth creation.

The key terms and conditions for the FY21 grant are described below:

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube.
Valuation date/Grant date	24 August 2020
Issue price	\$2.75
Instrument	Share appreciation rights (SARs) SARs will entitle the holder to receive a certain number of Qube shares subject to satisfaction of the Service condition. The number of shares the holder will receive is determined by multiplying the number of SARs awarded by the appreciation in the Qube share price divided by the VWAP of Qube shares calculated over the 15 trading days before the Vesting Date and the subsequent 15 trading days (Vesting price). The appreciation in the Qube share price will be determined by subtracting the initial price (being \$2.75) from the Vesting price. If the Vesting price is lower than the Initial price, the SARs will lapse and no shares will be issued.
Performance condition	None.
Service condition	Eligible executives must continue to be employed by a Qube Group member until the Vesting date.
Exercise price	Nil
Performance period	3 years to, on, or around 24 August 2023 (with a further trading restriction (holding lock) period of 2 years from the Vesting date).
Vesting date	The date of release of the audited financial statements for Qube in respect of the financial year ended 30 June 2023, presently expected to be in late August 2023.
Dividends	Dividends will not be paid on SARs.
Termination	If the participant resigns during the vesting period, the SARs are forfeited. In the event of termination for redundancy (i.e. good leaver) the SARs are reduced pro rata to the date of termination.

Set out below is a summary of SARs granted under the scheme:

Grant date	Final vesting date	Original		Forfeited (number)	Vested/transferable (number)	Adjustments* (number)	Closing balance (number)	No. of shares vested into and held in escrow at the end of the year (number)
		Issue price (\$)	Issue (number)					
24 Aug 20	24 Aug 23	2.75	16,614,268	-	-	-	16,614,268	-
12 Sep 19	12 Sep 22	3.15	19,885,960	(1,021,490)	-	318,176	19,182,646	-
13 Sep 18	13 Sep 21	2.68	19,987,161	(550,918)	-	551,294	19,987,537	-
29 Sep 17	28 Sep 20	2.58	16,412,296	-	(16,864,987)	452,691	-	1,480,991

* Adjusted for the impact of special dividends and the Entitlement Offer completed in May 2020.

Fair value of Rights granted

The fair value at grant date is independently determined in accordance with AASB 2 Share-based Payment using either a Black & Scholes Merton or a Monte Carlo simulation-based model. The model inputs for SARs expensed during the year ended 30 June 2021 included:

Vesting date	24 Aug 2023	12 Sep 2022	13 Sep 2021	28 Sep 2020
Grant date	24 Aug 2020	12 Sep 2019	13 Sep 2018	29 Sep 2017
Share price at grant date (\$)	2.85	3.28	\$2.63	\$2.47
Initial price (\$)	2.76	3.15	\$2.68	\$2.58
Time to vesting date (years)	3.0	3.0	3.0	2.9
Volatility (%)	25%-30%	20%-25%	23%	28%
Risk free rate (%)	0.26%	0.81%	2.01%	2.11%
Dividend yield (%)	2.0%	2.1%	2.2%	2.2%

(b) Performance Rights and Options

During FY14-FY16, Qube granted Performance Rights and Options to incentivise and retain key executives. Qube also granted a Moorebank specific Long-Term Incentives (LTIs) in the form of Performance Rights and Options. All LTIs issued under these plans, except for the FY16 EPS and Moorebank Options have either vested or lapsed. No further grants are expected under these schemes.

Set out below are summaries of Performance Rights and Options granted under the schemes:

Grant date	Final vesting date	Original Issue price (\$)	Opening balance (number)	Exercised (number)	Adjusted* (number)	Closing balance (number)	Vested and transferable at the end of the year (number)
3 Sept 2015	3 Sept 2020**	0.44	5,531,830	(385,741)	-	5,146,089	5,146,089
3 Sept 2015	3 Sept 2020	0.44	1,641,014	(1,641,014)	-	-	-

* Options – numbers have been adjusted for the Entitlement Offer completed in May 2020.

** Final exercise date for 5,146,089 of these options has been extended from 3 December 2020 to 3 December 2021.

Plan Shares granted

The fair value at grant date is independently determined in accordance with AASB 2 Share-based Payment using either a Black-Scholes Merton or a Monte Carlo simulation-based model.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2021 \$m	2020 \$m
Equity-based compensation – expensed		
Share appreciation rights	7.8	7.0

Note: The expense includes \$1.8 million (FY20 \$1.5 million) additional expense to adjust for actual and expected service and vesting outcomes for the SARs.

37. Deed of cross guarantee

The parent entity and the companies noted in note 26 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and director's report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the 'extended closed group'.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings for the year ended 30 June 2021 of the closed group

Consolidated income statement	2021	2020
	\$m	\$m
Revenue from continuing operations		
Revenue from sales and services	1,747.6	1,701.4
Other income	180.9	59.7
	1,928.5	1,761.1
Direct transport and logistics costs	(451.7)	(429.4)
Repairs and maintenance costs	(110.5)	(100.7)
Employee benefits expense	(694.2)	(637.6)
Fuel, oil and electricity costs	(93.2)	(107.3)
Occupancy and property costs	(33.9)	(29.3)
Depreciation and amortisation expense	(206.0)	(209.8)
Professional fees	(11.5)	(14.1)
Impairment of non-current assets	(217.1)	(18.1)
Other expenses	(26.5)	(32.7)
Total expenses	(1,844.6)	(1,579.0)
Finance income	25.5	24.7
Finance costs	(58.0)	(87.7)
Net finance costs	(32.5)	(63.0)
Share of net profit/(loss) of associates accounted for using the equity method	14.1	(7.1)
Profit before income tax	65.5	112.0
Income tax expense	(16.6)	(41.5)
Profit for the year	48.9	70.5
Other comprehensive income net of tax:		
Change in the fair value of cash flow hedges and cost of hedging	(0.7)	(0.8)
Share of other comprehensive income of joint venture	2.7	(1.7)
Total comprehensive income for the year	50.9	68.0
Total comprehensive income attributable to:		
Owners of Qube	50.9	68.0
Non-controlling interests	-	-
	50.9	68.0
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	243.0	325.2
Change in accounting policy – adoption of AASB 16	-	(50.3)
Profit for the year	48.9	70.5
Dividends provided for or paid	(90.9)	(94.3)
Entities joining the closed group	-	1.1
Correction of prior year error in relation to AASB 16	-	(9.2)
Retained earnings at the end of the financial year	201.0	243.0

(b) Consolidated balance sheet as at 30 June 2021 of the closed group

	2021 \$m	2020 \$m
ASSETS		
Current assets		
Cash and cash equivalents	101.3	200.4
Trade and other receivables	367.3	334.1
Inventories	8.7	5.0
Current tax receivable	-	0.2
Derivative financial instruments	0.1	0.9
	<u>477.4</u>	540.6
Assets classified as held for sale	1,623.3	200.1
Total current assets	<u>2,100.7</u>	740.7
Non-current assets		
Loans and receivables	237.4	297.0
Investments in equity accounted associates	578.8	609.9
Property, plant and equipment	1,320.9	1,357.8
Right-of-use assets*	584.3	636.6
Investment properties	46.5	1,095.2
Intangible assets	827.3	830.0
Other financial assets	265.4	176.5
Derivative financial instruments	22.3	54.5
Other assets	36.8	33.6
Total non-current assets	<u>3,919.7</u>	5,091.1
Total assets	<u>6,020.4</u>	5,831.8
LIABILITIES		
Current liabilities		
Trade and other payables	209.6	170.7
Lease liabilities	63.9	85.8
Current tax payable	1.2	-
Derivative financial instruments	0.9	0.8
Provisions	113.4	97.0
Total current liabilities	<u>389.0</u>	354.3
Liabilities directly associated with the assets held for sale	165.0	-
Total current liabilities	<u>554.0</u>	354.3
Non-current liabilities		
Trade and other payables	3.4	0.4
Borrowings	1,465.3	1,393.3
Lease liabilities*	602.6	651.3
Deferred tax liability*	63.9	99.7
Derivative financial instruments	5.2	34.5
Provisions	13.5	10.3
Total non-current liabilities	<u>2,153.9</u>	2,189.5
Total liabilities	<u>2,707.9</u>	2,543.8
Net assets	<u>3,312.5</u>	3,288.0
EQUITY		
Contributed equity	3,108.1	3,046.1
Reserves	3.4	(1.1)
Retained earnings*	201.0	243.0
Total equity	<u>3,312.5</u>	3,288.0

* Balances have been restated as per note 39 Prior year restatement, due to an adjustment in relation to AASB16 Leases.

38. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021 \$m	2020 \$m
Balance sheet		
Current assets	76.3	88.6
Total assets	5,009.0	4,650.5
Current liabilities	32.0	21.0
Total liabilities	1,528.4	1,459.5
Shareholders' equity		
Issued capital	3,239.5	3,177.5
Reserves	(13.1)	(12.4)
Retained earnings	254.2	25.9
	3,480.6	3,191.0
Profit for the year	319.3	32.9
Total comprehensive income	319.3	32.1

(b) Guarantees entered into by the parent entity

There are cross guarantees given by the parent entity and the companies noted in note 26. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee given the low likelihood of it being called.

ACCOUNTING POLICY

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries and associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

The parent entity and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by the parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

(ii) Tax consolidation legislation (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

39. Prior year restatement

Qube discovered a computational error in calculating lease liabilities per AASB-16 Leases and the corresponding right of use assets. The error resulted in impacts to the lease liability, right-of-use asset, deferred taxes and retained earnings upon adoption at 1 July 2019 and subsequently at the 30 June 2020 balance date.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2020 \$m	Impact of restatement \$m	30 June 2020 (Restated) \$m	1 July 2019 \$m	Impact of restatement \$m	1 July 2019 (Restated) \$m
Balance Sheet (Extract)						
Right of use assets	650.7	26.0	676.7	582.3	27.9	610.2
Lease liabilities	(647.6)	(39.1)	(686.7)	(540.0)	(37.6)	(577.6)
Net deferred tax liabilities	(99.8)	4.0	(95.8)	(102.0)	2.9	(99.1)
Net assets	3,305.7	(9.1)	3,296.6	2,762.6	(6.8)	2,755.8
Retained earnings	(278.0)	9.1	(268.9)	(284.7)	6.8	(277.9)
Total equity	(3,305.7)	9.1	(3,296.6)	(2,762.6)	6.8	(2,755.8)
	30 June 2020 \$m	Impact of restatement \$m	30 June 2020 (Restated) \$m	1 July 2019 \$m	Impact of restatement \$m	1 July 2019 (Restated) \$m
Deferred tax						
Deferred tax asset	305.3	11.7	317.0	254.4	11.3	265.7
Deferred tax liability	(405.1)	(7.7)	(412.8)	(356.4)	(8.4)	(364.8)
Net deferred tax liability	(99.8)	4.0	(95.8)	(102.0)	2.9	(99.1)

40. Summary of other accounting policies

(a) Other Income

(i) Asset sales

The gain or loss on disposal of assets is recognised when title has transferred on the assets.

(ii) Interest income

Interest income is recognised in the statement of comprehensive income for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the statement of comprehensive income.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, Qube estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is Qube's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(d) Adoption of standards

(i) New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet issued in Australia
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Directors' declaration on the Financial Statements

In the directors' opinion:

- (a) the financial statements and notes set out on pages 62 to 140 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Allan Davies
Director

Sydney
26 August 2021

Independent Auditor's Report to the Members



Independent auditor's report

To the members of Qube Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Qube Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$9.34 million, which represents approximately 5% of the Group's underlying profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole
- We chose underlying profit before tax as our benchmark upon which materiality was set as, in our view, it is a metric against which the performance of the Group is commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group operates largely across Australia and New Zealand, with its key operating segments being Operating Division, Property Division and a 50% interest in Patrick Terminals. These divisions are supported by a corporate function in Sydney.

We decided the nature, timing and extent of work that needed to be performed by us and component auditors operating under our instruction.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
<p>Moorebank Logistics Park - Held for sale assets and liabilities and Discontinued Operations <i>(Refer to note 24)</i></p> <p>The Group has determined that the assets and liabilities that will be sold to Logos Property Group meet the classification of Held for sale assets and liabilities and Discontinued operations under Australian Accounting Standards at reporting date.</p> <p>The Group has measured these assets and liabilities at the lower of their carrying amounts and fair value less costs to sell. This included an assessment of the fair value of any contingent consideration and contingent payments that may be required to be paid as part of the sale.</p> <p>The valuation of investment properties included in the Moorebank Held for sale assets and liabilities have been made with reference to the fair value less costs to sell resulting from the transaction with Logos Property Group.</p> <p>This was a key audit matter given:</p> <ul style="list-style-type: none"> the relative size of the discontinued operations in the context of the consolidated balance sheet magnitude of the assets and liabilities held for sale the significant judgement and subjectivity involved in the fair value assumptions; and the significant disclosures required given the transaction triggers discontinued operations disclosures. 	<p>We have performed the following procedures, including:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the classification of the assets and liabilities as held for sale in the context of the Australian Accounting Standards. Agreed the sales consideration included in the fair value less costs to sell calculation to appropriate supporting documentation. Assessed the appropriateness of key assumptions made in determining the fair value of contingent consideration included in the fair value less costs to sell calculation. Met with relevant members of Management and the Board to obtain their view as to the probability of the sale completing in the next 12 months. Tested the mathematical accuracy of the Fair value less costs to sell assessment upon which the measurement of assets and liabilities are based. Assessed the appropriateness of the Group's assumptions made in determining the fair value of contingent payments included in the fair value less costs to sell calculation. Assessed whether the disclosures within the financial report are reasonable in light of the requirements of Australian Accounting Standards.



Key audit matter	How our audit addressed the key audit matter
<p><i>Fair value of investment properties</i> <i>(Refer to note 10)</i></p> <p>The Group's accounting policy requires that investment properties are measured at fair value.</p> <p>The Group obtains external valuations at least annually or as otherwise required. The fair values of investment properties (apart from those included in the Moorebank Logistics Park Held for sale assets and liabilities) are dependent on the valuation methodology adopted by external valuers and the inputs into the valuation model. They can be impacted by factors such as prevailing market conditions, the individual nature, condition and location of each property and the expected future income for each property.</p> <p>This was a key audit matter because of:</p> <ul style="list-style-type: none"> the relative size of the investment property balance in the consolidated balance sheet; the impact changes in the fair value of investment properties can directly have in the consolidated statement of comprehensive income; investment property valuations are inherently subjective due to the use of unobservable inputs in the valuation methodology; and fair values are highly sensitive to changes in key assumptions 	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Compared the fair value of the Russell Park property to the external valuation report and assessed the competency, qualifications, experience and objectivity of the relevant valuer. When inspecting the valuation report, we also considered other factors such as caveats or limitations identified in the report that may have influenced the outcomes. For a sample of capitalised costs (including capitalised interest), compared the amounts and details to relevant supporting evidence. Assessed the appropriateness of the capitalisation rate, discount rate and market rents used in the valuations against comparable market data. Considered the appropriateness of the land value per square metre adopted by the external valuer with reference to recent comparable market transactions. Assessed whether the disclosures within the financial statements are reasonable in light of the requirements of Australian Accounting Standards.
<p><i>Recoverable amount of goodwill</i> <i>(Refer to note 11)</i></p> <p>Goodwill is not amortised and Australian Accounting Standards require that it is tested at least annually for impairment or more frequently if impairment indicators exist.</p> <p>The Group performed impairment assessments relating to goodwill by preparing discounted cash flow models to determine the recoverable amounts of each cash generating unit.</p>	<p>In considering the recoverable amount of goodwill determined by the Group's impairment assessment, amongst other procedures, we:</p> <ul style="list-style-type: none"> Tested the mathematical accuracy of the discounted cash flow models used to determine the recoverable amount of goodwill. Evaluated the appropriateness of the impairment assessment methodology and certain assumptions applied in calculating the recoverable amount



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>These assessments involve significant judgements in estimating future cash flows and the rate at which they are discounted and in evaluating fair value less costs to sell. Goodwill has been allocated to the Operating Division.</p> <p>This was a key audit matter given:</p> <ul style="list-style-type: none"> the relative size of goodwill in the consolidated balance sheet; and the significant judgement and subjectivity involved in reliably forecasting cash flows within the model. 	<ul style="list-style-type: none"> Compared the key budget assumptions (such as revenue and expenses) used in the model to the Board approved budget. Evaluated the Group's ability to forecast future results for the business by comparing previous budgets with reported actual results for previous financial years. Assessed the appropriateness of the discount rate and terminal growth rate assumptions by comparing them to market data, comparable companies and industry research, with the assistance of PwC valuation experts. Assessed whether the disclosures within the financial statements are reasonable in light of the requirements of Australian Accounting Standards.
<p><i>Recoverable amount of the IMEX Terminal Asset</i> <i>(Refer to note 8)</i></p> <p>The Group is required to assess whether there are indicators of impairment of assets at each reporting date in accordance with Australian Accounting Standards.</p> <p>The assessment determined that indicators exist and as such a detailed impairment assessment has been performed by comparing the carrying value at year end with the recoverable amount which has been determined using a fair value less costs to sell model.</p> <p>This was a key audit matter given:</p> <ul style="list-style-type: none"> the relative size of the impairment on the consolidated statement of comprehensive income; and the significant judgement and uncertainty involved in reliably forecasting cashflows within the model given the bespoke nature and early stage of the asset 	<p>In considering the recoverable amount of the IMEX Terminal asset prepared by the Group, amongst other procedures, we:</p> <ul style="list-style-type: none"> Met with relevant members of management and discussed the specifics of the IMEX terminal, including current year trading performance, trading performance against budget, long term outlook (for the asset and market more generally) and capital expenditure requirements. Tested the mathematical accuracy of the discounted cash flow model's calculations. Evaluated the appropriateness of the impairment assessment methodology and certain assumptions applied in calculating the recoverable amount including the application of the Logos expected warehouse development profile and tenancy uptake for Moorebank.



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Accuracy of accounting for leases (AASB 16)</i> <i>(Refer to note 9)</i></p> <p>AASB 16 Leases (AASB 16) was adopted by the Group with effect from 1 July 2019. AASB 16 has a significant impact on the Group financial report given the tenure and volume of the property and port leases across the Group, with a right of use asset and lease liability being recorded on the Group's consolidated balance sheet.</p> <p>Accounting for leases is complex given the number and nature of lease agreements in place across the Group.</p> <p>This was a key audit matter because of the:</p> <ul style="list-style-type: none"> the relative size of the right of use assets and lease liabilities on the consolidated balance sheet; and the complexity of underlying agreements and judgements made in recording leases. 	<ul style="list-style-type: none"> Compared a sample of the key budget assumptions (such as revenue and expenses) used in the models to relevant information Assessed the appropriateness of the Group's discount rate assumptions and terminal growth rates by comparing them to market data, comparable companies and industry research with the assistance of PwC valuation experts. Considered whether the methodology used was in accordance with the requirements of Australian Accounting Standards Assessed the reasonableness of the Group's disclosures against the requirements of Australian Accounting Standards.
<p>We performed the following procedures, amongst others:</p> <ul style="list-style-type: none"> Assessed the design and implementation of relevant key controls relating to the accounting for leases. Assessed the appropriateness of the discount rates, compared to their incremental borrowing rate or implied interest rate in the lease contract, applied in determining lease liabilities. Obtained and compared the underlying data to the original contract or other supporting information, and checked the mathematical accuracy of the AASB 16 calculations for a sample of leases. Assessed whether the disclosures within the financial statements are reasonable in light of the requirements of Australian Accounting Standards. 	



Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.



Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 59 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Qube Holdings Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Jane Reilly'.

Jane Reilly
Partner

Sydney
26 August 2021

Shareholder Information

Top 20 Shareholders

As at 23 August 2021, the top 20 Shareholders of Qube were as follows:

Rank	Name	Number of shares	% of capital
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	527,166,340	27.64
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	196,981,570	10.33
3.	CITICORP NOMINEES PTY LIMITED	160,557,090	8.42
4.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	152,564,405	8.00
5.	NATIONAL NOMINEES LIMITED	89,701,021	4.70
6.	TAVERNERS NO 10 PTY LTD	64,964,323	3.41
7.	MUTUAL TRUST PTY LTD	50,112,744	2.63
8.	BNP PARIBAS NOMS PTY LTD <DRP>	23,001,271	1.21
9.	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	19,992,534	1.05
10.	MR PETER GIACCI <P L GIACCI FAMILY A/C>	13,957,420	0.73
11.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	8,863,500	0.46
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	7,893,792	0.41
13.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	7,621,614	0.40
14.	MILTON CORPORATION LIMITED	7,538,951	0.40
15.	INVIA CUSTODIAN PTY LIMITED <MAURICE ALAN JAMES A/C>	6,858,393	0.36
16.	UBS NOMINEES PTY LTD	6,343,675	0.33
17.	BOND STREET CUSTODIANS LIMITED <CAJ - D64993 A/C>	6,000,000	0.31
18.	LADDARA PTY LTD	5,462,201	0.29
19.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	4,945,436	0.26
20.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,850,908	0.25
	Total	1,365,377,188	71.59

Substantial Shareholders

As at 23 August 2021, Qube had received notification regarding the following substantial holders:

Substantial shareholder	Number of shares	Date of change	Voting power
Greencape Capital Pty Ltd	95,695,810	23 April 2021	5.02%
Challenger Limited (and its entities)	95,885,263	14 April 2021	5.03%
UniSuper Limited ATF UniSuper & UniSuper Management Pty Ltd	101,968,544	17 July 2020	5.41%

Unmarketable Parcels

As at 23 August 2021, details of parcels of Qube shares with a value of less than \$500 were as follows:

	Minimum parcel size	Holders	Shares
Minimum \$500 parcel at \$3.00 per share	167	616	18,927

Distribution Schedule

As at 23 August 2021, the distribution of holdings of Qube shares was as follows:

Range	Total holders	Shares	% of capital
1 – 1,000	3,372	1,584,330	0.08
1,001 – 5,000	8,097	23,399,168	1.23
5,001 – 10,000	5,979	44,218,975	2.32
10,001 – 100,000	9,673	259,541,892	13.61
100,001 and over	696	1,578,215,720	82.76
Total	27,817	1,906,960,085	100.00

Voting Rights

Each ordinary share carries with it one vote.

Restricted Securities

Qube does not have any restricted securities.

Unquoted Securities

4,801,292 unlisted options that have vested to 15 holders.

Current On-Market Buy-Backs

There are no current on-market buy-backs of shares in Qube.

On-Market Purchases of Securities

During the 2021 financial year, Qube acquired 900,000 shares on-market at an average price of \$2.6890 for the purposes of satisfying obligations under Qube's employee incentive schemes.

Qube Subordinated Notes

On 5 October 2016, Qube issued 3,050,010 subordinated notes which commenced trading on the ASX on 6 October 2016 under ASX code 'QUBHA'.

Corporate Governance Statement

Qube's 2021 Corporate Governance Statement and Appendix 4G may be accessed via Qube's website at: <http://qube.com.au/investor/reports-presentations/>

Corporate Directory

Directors

Allan Davies (Chairman)
Sam Kaplan (Deputy Chairman)
Paul Digney (Managing Director)
Ross Burney
Alan Miles
Stephen Mann
Jackie McArthur
Nicole Hollows

Secretaries

William Hara
Adam Jacobs

Principal Registered Office in Australia

Level 27, 45 Clarence Street
Sydney NSW 2000
T: (02) 9080 1900

Security Exchange Listing

Qube Holdings Limited shares and subordinated notes are listed on the Australian Securities Exchange (ASX)

Website Address

www.qube.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
T: (Australia) 1300 850 505; (International) +61 2 8234 5000

www.qube.com.au

Qube Holdings Limited ABN 14 149 723 053