



ASX and Media Announcement

7 March 2012

Agreement to Acquire Assets of Westgate Ports

Qube Logistics Holdings Limited (Qube) today announces that it has entered into an agreement with Westgate Ports Pty Ltd and Westgate Port Services Pty Ltd (“Westgate”) to acquire the assets and take an assignment of the leases Westgate holds at Victoria Dock in Melbourne for a total consideration of around \$47 million¹. This transaction provides Qube with long-term tenure on a major site located within Australia’s busiest container port precinct. The acquisition will sit within Qube’s Logistics division.

The consideration will be paid through the issue of \$7 million of Qube shares at an issue price of \$1.4749 per share and the balance in cash, funded through Qube’s existing cash and debt facilities. The transaction is subject to a small number of conditions and is expected to be completed during March 2012.

Westgate has an 18 year lease remaining over approximately 17 hectares of strategically located land at Victoria Dock within the Port of Melbourne. This site currently comprises vessel berths, rail terminal, hardstand and warehousing on-site with significant area to develop further capacity. Qube expects to spend around \$15 million over the next 12-18 months to develop this capacity.

Managing Director of Qube, Maurice James, said “The strategic advantage of having a major facility with scope for further expansion located at the port is very important to Qube’s growth plans.”

Qube intends to progressively consolidate some of its existing related Melbourne operations onto the Westgate site, thereby achieving cost savings and synergies. The acquisition is not expected to have a material impact on Qube’s earnings in the short term. However, following completion of the capital expenditure, Qube expects to have significant capacity to grow its Melbourne operations on the site over the medium to longer term.

Qube has also agreed to lease new warehousing facilities from entities associated with the vendor at Altona in Western Melbourne and Lyndhurst in South East Melbourne on commercial terms following completion of the development of these facilities. It is intended to develop rail facilities adjacent to each of these facilities which would complement Qube’s strategy of port-rail logistics transport.

¹ Excluding stamp duty and transaction costs

As part of the transaction, Qube will enter into an alliance agreement with Salta Properties to work together on a range of logistics and warehouse activities including to jointly promote the use of rail transport to and from the Port of Melbourne using a range of existing and proposed inland terminals operated by Qube and/or Salta. Under the alliance, Qube will also have the right to operate any inland terminals developed at Altona and Lyndhurst.

The alliance will provide industry with a Melbourne metropolitan network of inland terminals, combining Qube's existing inland terminal at Somerton in the North, with the proposed Salta inland terminals at Altona in the West and Lyndhurst in the South East. This network will be connected to Qube's port logistics terminals located at Dynon and Victoria Dock. This will provide a complete rail and road solution that is capable of significantly reducing road congestion and optimising container logistic movement to and from the Port of Melbourne.

"The alliance agreement is a tangible way to work together to realise the significant opportunity to establish an efficient network of intermodal facilities to service Melbourne's growing container market and to mirror and complement our intermodal strategy nationally", Mr James said.

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