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ASX and Media Announcement



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Recommended Takeover Offer by Qube Holdings Limited for Chalmers Limited (ASX: CHR) (*Chalmers*)

Qube announces its intention to make an off-market takeover offer (the **Offer**), through its indirectly wholly owned subsidiary, Qube Logistics (Aust) Pty Ltd (**Qube BidCo**), for all of the ordinary shares in Chalmers Limited (ASX: CHR) (**Chalmers Shares**). Qube intends to offer holders of Chalmers Shares the option to elect to receive either (but not a combination of both) for each Chalmers Share held:

- 2.31 Qube shares (the **Scrip Option**); or
- \$6.50 cash (the **Cash Option**).

This values Chalmers at approximately \$60 million with any cash component to be funded from existing Qube debt facilities.

Qube's Managing Director, Maurice James said: "The offer provides an opportunity for Chalmers shareholders to obtain liquidity for their shares at an attractive premium. The structure of the offer enables Chalmers shareholders to elect to cash out their Chalmers Shares or, by electing the scrip option, to share in the growth of the Qube Group."

Chalmers' Chairman, Graham Mulligan said: "The offer represents attractive value for Chalmers shareholders. The directors of Chalmers intend to unanimously recommend that Chalmers shareholders accept Qube BidCo's off-market takeover offer for all the ordinary shares in Chalmers, in the absence of a superior proposal."

The Chalmers transport and logistics operations, coupled with the company's strategically located property assets, are complementary to those of Qube Logistics. The acquisition will allow Qube to progress its growth plans while also providing an opportunity for significant cost savings by integrating the Chalmers businesses to achieve greater efficiencies and economies of scale.

Offer consideration

As at 27 June 2019 (being the last trading day before the date of this announcement), the implied value of the Scrip Option was A\$7.00. This represents a substantial and attractive premium of:

- 49% to the closing price of Chalmers shares of A\$4.70 on 27 June 2019 (being the last trading day before the date of this announcement); and
- 61% to A\$4.34, being the volume-weighted average price of Chalmers shares for the one month to and including 27 June 2019.

Pre-bid agreement

Qube has secured support for the Offer, in the absence of a superior proposal, from a major shareholder of Chalmers, Alljet Investments Pty Ltd, by way of a pre-bid acceptance agreement over a 19.9% shareholding in Chalmers.

Offer conditions

The Offer will be conditional upon (among other things): Qube acquiring a relevant interest in 90% of Chalmers Shares; no material adverse change in relation to Chalmers and no prescribed occurrences in relation to Chalmers. The conditions of the Offer are set out in the Schedule to this announcement.

Support from the Chalmers Directors

Qube is pleased to note that the Chalmers Board intends to unanimously recommend that Chalmers shareholders accept the Offer in the absence of a superior proposal.

Strategic rationale

Qube believes that the Chalmers assets and business are complementary to Qube's existing business and provide an opportunity to further develop Qube's business in both Victoria and Queensland.

Indicative timetable

The full terms and conditions of the Offer will be set out in a Bidder's Statement, which Qube expects to lodge with ASIC and ASX and announce to shareholders during the week commencing Monday, 1 July 2019. Qube intends to despatch the Bidder's Statement to Chalmers shareholders, with the consent of Chalmers directors, on or before Monday, 8 July 2019, at which time the Offer will open for acceptance. Chalmers must then issue a Target's Statement in response to the Offer. The Offer will remain open for at least one month.

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About Qube

Qube is Australia's largest integrated provider of import and export logistics services with a market capitalisation in excess of \$4.8 billion as at 27 June 2019.

Qube operates in over 130 locations across Australia, New Zealand, Papua New Guinea and South East Asia with a workforce in excess of 6,500 employees.

Qube is comprised of three key divisions comprising the Operating Division (covering Qube's ports, bulk and logistics activities), the Infrastructure and Property division (which includes Qube's Moorebank Logistics Park project and AAT) and Qube's 50 percent interest in Patrick Terminals, Australia's leading container terminal operator.

Schedule - Conditions

The Offer will be subject to the following defeating conditions:

1 Minimum Relevant Interest

During, or at the end of, the Offer Period, Bidder and its Related Bodies Corporate together have relevant interests (disregarding any relevant interests which Bidder has or acquires merely because of the operation of section 608(3) of the Corporations Act) in at least 90% of the Target Shares (even if subsequently Bidder and its associates together have relevant interests in less than 90% of all the Target Shares as a result of the issue of further Target Shares).

2 No Regulatory Action

Between the Announcement Date and the date which is the earlier of (a) the date on which condition 1 is satisfied, and (b) the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is announced, threatened or commenced by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Australian Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) that:

- (d) restrains, impedes or prohibits (or if granted, could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of any Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of Bidder or any of its Related Bodies Corporate in respect of Target Shares, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group; or
- (e) imposes any new terms on, amends the existing terms of or otherwise affects the rights held by any entity within the Target Group under any Approval issued to any entity within the Target Group in a manner that is materially adverse to the Target Group.

3 No cessation of licences, registrations, certifications or accreditations

Between the Announcement Date and the date which is the earlier of (a) the date on which condition 1 is satisfied, and (b) the end of the Offer Period (each inclusive), no entity within the Target Group and no key employee of the Target Group, materially breaches the terms and conditions of, fails to renew or ceases to hold, any material licences, registrations, certifications or accreditations required in the ordinary course of business.

4 No Material Adverse Change

Between the Announcement Date and the date which is the earlier of (a) the date on which condition 1 is satisfied, and (b) the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Bidder or Target (whether or not it becomes

public) where that event, change or condition has had, or could reasonably be expected to have, either individually or in aggregate with all such events, changes and conditions:

- (a) an adverse effect of A\$500,000 or more on the operating earnings before interest, tax, depreciation and amortisation of the Target Group in any financial year; or
- (b) an adverse effect of A\$2,000,000 or more on the value of the net assets of the Target Group, or

that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group, taken as a whole, since 31 December 2018, except for events, changes and conditions publicly announced by Target to the ASX prior to the Announcement Date or otherwise disclosed in public filings by Target prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading (including by omission).

5 No Material Acquisitions, Disposals, New Commitments or Other Events

Except to the extent fully and fairly disclosed in any announcement made by Target to the ASX prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the date which is the earlier of (a) the date on which condition 1 is satisfied, and (b) the end of the Offer Period (each inclusive):

- (a) any entity within the Target Group acquires or leases, or agrees or offers to acquire or lease, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$100,000 for any individual item or in excess of A\$200,000 in aggregate;
- (b) any entity within the Target Group disposes of, or agrees or offers to dispose of, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets):
 - (i) for an amount or consideration in excess of A\$100,000 for any individual item or in excess of A\$200,000 in aggregate; or
 - (ii) in respect of which the book value (as recorded in Target's statement of financial position as at 31 December 2018) is in excess of A\$100,000 for any individual item or in excess of A\$200,000 in aggregate;
- (c) any entity within the Target Group enters into, agrees to enter into or amend or offers to enter into or amend, any agreement, joint venture or partnership that requires or is reasonably likely to involve payments, expenditure, or the foregoing of revenue, by the Target Group in excess of A\$200,000 in aggregate;
- (d) the commitment by the Target Group to capital expenditure in excess of A\$200,000 in aggregate;
- (e) any entity within the Target Group incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve a Target Group entity incurring or agreeing to incur an amount of capital expenditure in excess of A\$200,000 in aggregate;
- (f) any entity within the Target Group settles any legal proceedings, claim, investigation, arbitration or other like proceeding where the amount claimed by or against an entity within the Target Group exceeds A\$100,000;
- (g) any entity within the Target Group becomes the subject of any litigation which is commenced or threatened, or there is a material adverse development in any litigation to

which an entity within the Target Group is already subject (as at the Announcement Date), which results in, or may reasonably be expected to result in, a judgment or order against any entity within the Target Group that:

- (i) is for an amount not covered by insurance in excess of A\$100,000;
 - (ii) would require the Target Group to undertake expenditure in excess of A\$100,000; or
 - (iii) materially affects the rights held by or for the benefit of any entity within the Target Group under any Approval issued to any entity within the Target Group;
- (h) any entity within the Target Group incurs any indebtedness or issues any debt securities, where doing so would result in the value of the indebtedness incurred or debt issued by the Target Group following the Announcement Date exceeding A\$200,000 in aggregate, other than:
 - (i) any draw down within existing limits of any existing debt facility in the ordinary course of business;
 - (ii) trade credit in the ordinary course of business; or
 - (iii) indebtedness to an entity within the Target Group;
- (i) any entity within the Target Group gives or agrees to give any encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (j) any entity within the Target Group incurs or otherwise become exposed to a liability or contingent liability with an amount or value exceeding A\$200,000 in aggregate;
- (k) any entity within the Target Group enters into, terminates, extends, renews or varies any commitment (including any non-contractual commitment or undertaking) which has a value or involves a liability, expenditure or revenue, as the case may be, in excess of A\$200,000 when aggregated with related transactions;
- (l) any entity within the Target Group exercises a contractual right or other option which has a value or involves a liability or expenditure, as the case may be, in excess of A\$200,000 when aggregated with related transactions;
- (m) any entity within the Target Group enters into any long-term commitment (including any non-contractual commitment or undertaking) with any customers which:
 - (i) has a duration of more than 12 months; or
 - (ii) is inconsistent in a material respect with typical arrangements;
- (n) any entity within the Target Group enters into any commitment (including any non-contractual commitment or undertaking) with any customer which has a volume rebate or similar arrangement where the value or aggregate value of the new commitment or commitments is in excess of A\$200,000;
- (o) any entity within the Target Group enters into a new employment contract or increases the remuneration of, or otherwise varies the existing employment arrangements with, any of its directors or executives or any other employees which employee's total annual employment cost is in excess of A\$200,000;
- (p) any entity within the Target Group pays or agrees to pay any bonus to any of its directors or executives or any other employees where such payment, if made, would result in the aggregate value of the bonuses paid or agreed to be paid by entities within the Target Group following the Announcement Date being in excess of A\$200,000 (provided that

any bonus already agreed or accrued as at the Announcement Date shall be excluded for the purposes of this sub-paragraph);

- (q) any entity within the Target Group accelerates the rights of any of its directors or executives or any key employee to benefits of any kind (other than under any executive or employee share plans or in relation to leave) or enters into a commitment to pay a director or executive a termination payment (including a 'golden parachute') with an additional cost to the Target Group in excess of \$200,000 or in breach of the law;
- (r) any entity within the Target Group enters into any guarantee or indemnity on behalf of any entity within the Target Group or provides security for the obligations of any entity within the Target Group in relation to amounts in excess of A\$200,000;
- (s) any entity within the Target Group provides financial accommodation to any Target Director or any employee or officer of any entity within the Target Group with an additional cost to the Target Group in excess of \$200,000 or in breach of the law;
- (t) any entity within the Target Group enters into, amends, or agrees to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of Target;
- (u) the constitution of any entity within the Target Group is amended or replaced or any entity within the Target Group states its intention to or makes any change to its constitution; or
- (v) any entity within the Target Group announces an intention to do any of the matters referred to in the sub-paragraphs above, or brings forward the time for performance of or releases any rights it has against third parties in respect of any obligations or commitments relating to such matters in existence at the Announcement Date.

6 No Change of Control or Other Rights

Except as disclosed in any announcement made by Target to the ASX prior to or on the Announcement Date, no person has, or before the date which is the earlier of (a) the date on which condition 1 is satisfied and (b) the end of the Offer Period is granted, any right (whether subject to conditions or not) as a result of Bidder making the Offer or announcing its intention to make the Offer, or acquiring Target Shares under the Offer, to:

- (a) acquire, or require the disposal of, or require any entity within the Target Group to offer to dispose of, any material asset of any entity within the Target Group;
- (b) terminate, or vary the terms or performance of, any material agreement with any entity within the Target Group;
- (c) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Target Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Target Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and announced by Target to the ASX.

7 No Dividends

Between the Announcement Date and the end of the Offer Period (each inclusive), Target does not make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

8 No Prescribed Occurrences

Between the period from the date on which the Bidder's Statement is given to Target and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Target or a Subsidiary of Target resolves to reduce its share capital in any way;
- (c) Target or a Subsidiary of Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) Target or a Subsidiary of Target issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option in each case;
- (e) Target or a Subsidiary of Target issues, or agrees to issue, convertible notes;
- (f) Target or a Subsidiary of Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Target or a Subsidiary of Target grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) Target or a Subsidiary of Target resolves to be wound up;
- (i) a liquidator or provisional liquidator of Target or of a Subsidiary of Target is appointed;
- (j) a court makes an order for the winding up of Target or of a Subsidiary of Target;
- (k) an administrator of Target or of a Subsidiary of Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Target or a Subsidiary of Target executes a deed of company arrangement; or
- (m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Target or a Subsidiary of Target.

9 No Prescribed Occurrences Between the Announcement Date and the Date of the Bidder's Statement

During the period beginning on the Announcement Date and ending on the day before the Bidder's Statement is given to Target, none of the events listed in sub-paragraphs (a) to (m) of paragraph 8 happens.

Definitions used in Schedule - Conditions

Announcement Date means the date of announcement of Bidder's intention to make the Offer.

Approval means:

- (a) a consent, authority, licence, approval, permit, order, ruling, waiver or exemption that is required by law or by a Public Authority; or
- (b) in relation to anything that will be fully or partly prohibited or restricted by law if a Public Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry or termination of that period without intervention or action.

ASIC means the Australian Securities and Investments Commission.

associate has the meaning given in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as appropriate.

Bidder means Qube Holdings Limited (ACN 149 723 053) or one of its wholly owned subsidiaries.

Bidder Group means Bidder and its Related Bodies Corporate.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

Corporations Act means the *Corporations Act 2001* (Cth).

Offer means an off market takeover offer to be made by Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Shares, including as varied or extend in accordance with the Corporations Act.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any securities exchange.

Related Body Corporate has the meaning given in the Corporations Act.

relevant interest has the meaning given in the Corporation Act.

Security Interest has the same meaning as in section 51A of the Corporations Act.

Subsidiary has the meaning given in the Corporations Act.

Target means Chalmers Limited (ACN 004 471 032).

Target Group means Target and its Subsidiaries.

Target Shares means fully paid ordinary shares in Target.

Target Shareholder means a person who is the registered holder of one or more Target Shares.

Target's Statement means the target's statement to be prepared in relation to the Offer and includes any supplementary target's statement.