

17 July 2019

Australian Securities Exchange
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Target's Statement

We refer to the off-market takeover offer by Qube Logistics (Aust) Pty Ltd ACN 123 003 930 under Chapter 6 of the *Corporations Act 2001* (Cth) (**Act**) for all of the shares in Chalmers Limited ACN 004 471 032 (**Chalmers**).

As required by item 14 of section 633(1) of the Act, **attached** is a copy of the Target's Statement. A copy of the Target's Statement has also been lodged with the Australian Securities and Investments Commission and sent to Qube today.

The Directors unanimously recommend that shareholders **ACCEPT** the offer in the absence of a superior proposal. The supporting reasons for the Directors' recommendations are set out in full in the Target's Statement.

Yours faithfully,



Kane Harnden
Company Secretary
Chalmers Limited

TARGET'S STATEMENT

in response to the off-market takeover bid made by Qube
Logistics (Aust) Pty Ltd, a wholly-owned subsidiary of
Qube Holdings Limited
to acquire all of your shares in Chalmers Limited

The Chalmers Directors unanimously recommend that you
ACCEPT the Offer
in the absence of a superior proposal

The Offer is 2.31 Qube Shares or \$6.50 cash
for every Chalmers Share you hold

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to its contents, you should promptly consult your legal, financial or other professional adviser immediately.

IMPORTANT INFORMATION

Target's Statement

This Target's Statement is dated 17 July 2019 and given by Chalmers Limited ACN 004 471 032 (ASX code: CHR) (**Chalmers**) under the provisions of Part 6.5 Division 3 of the Corporations Act 2001 (as modified by ASIC) in response to the Offer made by Qube Logistics (Aust) Pty Ltd ACN 123 003 930 (**Bidder**), a wholly-owned subsidiary of Qube Holdings Limited ACN 149 723 053 (**Qube**) under its off-market takeover bid contained in its Bidder's Statement dated 1 July 2019.

ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 17 July 2019.

None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

Investment decision

The information contained in this Target's Statement does not constitute financial product advice. This Target's Statement does not take into account the individual investment objectives, financial situation or any particular needs of any Chalmers Shareholder or any other person. Chalmers encourages you to seek independent legal, financial and taxation advice before deciding whether or not to accept or reject the Offer.

Forward looking statements

Some of the statements appearing in this Target's Statement are in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of Chalmers and cannot be predicted with assured accuracy by Chalmers and could cause actual values or results, performance or achievements to differ materially from implied values or anticipated results, performance or achievements expressed or implied in those forward looking statements. These risks, variables and factors include matters specific to the industry in which Chalmers operates, as well as general economic and financial market conditions, forces of nature and legislative, fiscal or regulatory developments.

Although Chalmers believes that the expectations reflected in any forward looking statements included in this Target's Statement are reasonable, no assurance can be given that such expectations will prove to be correct.

None of Chalmers, any of its officers, or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (expressed or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement, except as required by law.

You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Privacy Statement

Personal information relating to your Chalmers Shares may be collected by Bidder in accordance with its rights under the Corporations Act. Furthermore, Bidder may share this information with its advisers and service providers where necessary for the purposes of the Offer. Generally, you have a right to access the personal information which Bidder and its agents may hold about you.

Notice to non-Australian Chalmers Shareholders

The distribution of this Target's Statement may, in some countries, be restricted by law or regulation of those countries. Accordingly, persons who come into possession of this Target's Statement should inform themselves of, and observe, those restrictions.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Target's Statement, you should immediately consult with your broker or your legal, financial or other professional adviser.

Should you have any questions about this Target's Statement, please call Kane Harnden on 03 9316 2011 from within Australia or on telephone +613 9316 2011 from outside Australia between 9am and 5pm AEST Monday to Friday.

Defined terms

Defined terms used in this Target's Statement are capitalised. Definitions of these terms are set out in the Glossary in section 9.1.

Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value or fractions may differ from the figures set out in this Target's Statement.

Disclaimers as to information in respect of Qube

The information in respect of Qube in this Target's Statement has been prepared by Chalmers using publicly available information (including that contained in the Bidder's Statement). The information in this Target's Statement concerning Qube has not been independently verified by Chalmers. Accordingly, subject to the Corporations Act, none of Chalmers, Chalmers's officers and employees, any person named in this Target's Statement with their consent nor any person involved in the preparation of this Target's Statement makes any representation or warranty, express or implied, as to the accuracy or completeness of such information and none of them takes any responsibility for that information.

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KEY DATES

| | |
|--|---------------|
| Announcement of Offer | 28 June 2019 |
| Date of Bidder's Statement | 1 July 2019 |
| Offer Period commences | 8 July 2019 |
| Date of Target's Statement | 17 July 2019 |
| Close of Offer Period (unless withdrawn or extended) | 8 August 2019 |

CHALMERS CORPORATE DIRECTORY

Directors

Graham Mulligan
Peter Brannighan
Gary Chalmers
Layton Daglish

Principal Place of Business

20-38 Cawley Road
Yarraville VIC 3013
Telephone: 03 9316 2011

Company Secretary

Kane Harnden

Website

www.chalmers.net.au

Legal adviser

HWL Ebsworth Lawyers
Level 26
530 Collins Street
Melbourne VIC 3000

Corporate adviser

J.B. North & Co Pty Ltd
AFSL 421214
Suite 509
180 Ocean Road
Edgecliff NSW 2027

CHAIRMAN'S LETTER

Dear Chalmers Shareholder,

On 28 June 2019, Qube Holdings Limited (**Qube**) announced that it intended, through a wholly-owned subsidiary of Qube, to make an off-market takeover offer to acquire all the issued shares of Chalmers (**Offer**). The terms and conditions of the Offer are set out in the Bidders Statement which you have recently received from Qube. A copy of the Bidders Statement is also available on the Qube website www.qube.com.au.

Under the Offer, Qube is offering Chalmers Shareholders 2.31 Qube Shares (**Scrip Option**) or \$6.50 cash (**Cash Option**) for every Chalmers Share held.

Your Directors unanimously recommend that in the absence of a superior proposal you ACCEPT the Offer for all of your Chalmers Shares.

Your Directors have made this recommendation for the following reasons:

- the Offer represents a significant premium to where Chalmers Shares have traded on the ASX in the last 12 months;
- the Offer provides Chalmers Shareholders with a choice to either continue to be exposed to the Chalmers' business as part of the broader Qube group by receiving Qube Shares under the Scrip Option or to receive a certain cash amount of A\$6.50 per share under the Cash Option; and
- the Scrip Option provides Chalmers Shareholders with the opportunity to access the benefits of being a shareholder in a larger entity with greater liquidity to buy and sell shares and a more diversified asset base.

If the Offer is successful it may also deliver benefits to Chalmers employees through Qube's ability to continue to invest and grow the Chalmers business as well as providing new opportunities for employees to move to roles in the broader Qube organisation.

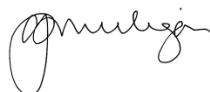
The Directors intend to **ACCEPT** the Offer under the Scrip Option, in respect of any Chalmers Shares that they own or control, in the absence of a superior proposal. One of your Directors Mr Gary Chalmers, and certain entities associated with Mr Chalmers, has accepted the Offer in relation to approximately 57.26% of all Chalmers Shares. A major shareholder associated with Mr Lindsay Fox has also agreed to accept the Offer in relation to 19.9% of all Chalmers Shares.

You are encouraged to read this Target's Statement in full as it sets out your Directors formal response to the Bidders Statement, their recommendation and other important information to enable you to consider the Offer having regard to your personal circumstances.

We also encourage you to seek your own independent financial, legal and taxation advice prior to deciding whether to accept the Offer.

If you have any questions regarding this Target Statement please contact Mr Kane Harnden on 03 9316 2011.

Yours sincerely,



Graham Mulligan
Executive Chairman

1. Directors' recommendation and reasons

Your Directors unanimously recommend that in the absence of a superior proposal you ACCEPT the Offer for all of your Chalmers Shares.

The Directors have recommended that you accept the Offer for the reasons set out below.

1. The Offer represents a significant premium to Chalmers' recent trading prices

- Based on the closing price of A\$3.03 for Qube Shares on 27 June 2019, being the day prior to the announcement of the Offer, the Scrip Option was valued at A\$7.00 which represents a:
 - **49% premium** to the closing price of Chalmers Shares on 27 June 2019 of **A\$4.70**;
 - **61% premium** to the 1 month VWAP of Chalmers Shares of **A\$4.34**;
 - **69% premium** to the 3 month VWAP of Chalmers Shares of **A\$4.13**; and
 - **72% premium** to the 6 month VWAP of Chalmers Shares of **A\$4.08**.
- The Cash Option of A\$6.50 represents a **38% premium** to the closing price of Chalmers Shares on 27 June 2019 of **A\$4.70**.

2. The Offer provides Chalmers Shareholders with a choice of consideration

- Chalmers Shareholders may continue to be exposed to the Chalmers' business as part of the broader Qube group by receiving Qube Shares under the Scrip Option.
- Alternatively, Chalmers Shareholders can choose to receive a certain cash amount of A\$6.50 per share under the Cash Option.

3. Chalmers Shareholders can access the benefits of being a shareholder in a larger entity

- The Scrip Option provides Chalmers Shareholders with the opportunity to access the benefits of being a shareholder in a larger, stronger and more diversified entity.
- Qube has a high level of liquidity in the trading of its shares on ASX shares.
- Realisation of your Chalmers investment, if desired, should be easier if your Chalmers Shares are replaced by Qube Shares.

4. There is no superior proposal

- No alternative offer has been forthcoming since Qube's announcement.
- Your Directors do not believe that a superior proposal is likely to emerge.

5. There are risks if the takeover does not proceed or if you do not accept the Offer

- If the Offer is unsuccessful and no other offer for Chalmers emerges, there is no certainty that the Chalmers Share price would trade above the Offer Price and there is a risk that the Chalmers Share price would fall.
- If the Offer is unsuccessful and no further offer for Chalmers emerges, Chalmers may need to consider its capital position and could decide to raise additional capital by issuing new shares, selling assets, and/or restructuring debt facilities.
- If you do not accept the Offer and Qube waives the 90% minimum acceptance condition and acquires less than 90% of all Chalmers Shares, then you would remain a minority Chalmers Shareholder. The possible implications of being a minority shareholder following closure of the Offer include:

- the Chalmers Share price trading below the value of the Offer and without any takeover premium.
- reduced liquidity of Chalmers Shares due to there being a lower number of shares available and a potential de-listing of Chalmers from ASX.

As at the date of this Target Statement Qube has received acceptances for 58.42% of all Chalmers Shares.

You should consider these reasons and weigh them against possible disadvantages for you.

Other considerations

Disadvantages of the Offer

The following may be disadvantages of the Offer for some or all of the Chalmers Shareholders, regardless of the merits of the Offer. Each shareholder needs to weigh up the extent to which each of the following is relevant to their overall assessment of the net benefit or detriment in their circumstances. Each possible disadvantage does not necessarily imply or suggest a particular course of action for each shareholder.

- At the time of acceptance you may not know if the takeover will proceed.
- You may lose your ability to deal in your existing Chalmers Shares after you accept the Offer.
- You will have a delay in realising the value of your investment if you do not accept but compulsory acquisition occurs.
- The value of Qube Shares may fall for reasons unrelated to the status or performance of Chalmers.

Shareholders should also review the risk factors identified in section 10 of the Bidder's Statement.

Any Chalmers shareholder considering retaining their Chalmers Shares should also be aware that Qube has stated that its present intention is that, if it becomes entitled to do so under the Corporations Act, it will proceed with the compulsory acquisition of any outstanding Chalmers Shares and seek to delist Chalmers from the ASX.

In considering whether to accept or reject the Offer, the Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk-reward profile, portfolio strategy, tax position and financial circumstances; and
- obtain financial advice from your own broker or financial adviser regarding the Offer and obtain taxation advice on the effects of accepting the Offer.

2. Frequently Asked Questions

This section answers some frequently asked questions about the Offer. It is not intended to address all issues relevant to Chalmers Shareholders. This section should be read together with all other parts of this Target's Statement.

| Question | Answer |
|---|--|
| Who is the Bidder? | Qube Logistics (Aust) Pty Ltd ACN 123 003 930, a wholly-owned subsidiary of Qube Holdings Limited (ASX:QUB). Please refer to section 6 for further information on Qube. |
| Who is the target? | Chalmers Limited, ACN 004 471 032. Please refer to section 4 for further information on Chalmers. |
| What is the Offer? | Qube Logistics (Aust) Pty Ltd (Bidder) is making an offer under an off-market takeover bid to acquire all of your Chalmers Shares on the terms and conditions summarised in Section 6 and are detailed in Section 12 of the Bidder's Statement. |
| What is Qube offering for my Chalmers Shares? | Qube is offering 2.31 Qube Shares or \$6.50 cash for every Chalmers Share (Offer Price). |
| Can Qube increase the Offer Price? | Yes. |
| What choices do I have as a Chalmers Shareholder? | <p>As a Chalmers Shareholder, you can:</p> <ul style="list-style-type: none">(a) accept the Offer for all of the Chalmers Shares you hold;(b) sell your Chalmers Shares (unless you have previously accepted the Offer for those Chalmers Shares); or(c) reject the Offer by doing nothing. <p>A detailed explanation as to the choices available to Chalmers Shareholders in regard to the Offer is set out in section 3.</p> |
| What do the Directors recommend? | <p>Your Directors unanimously recommend that you ACCEPT the Offer in the absence of a superior proposal.</p> <p>The reasons for your Directors' recommendation are set out in section 1.</p> <p>The Directors can change their recommendation if, in their judgment, there is a materially adverse change in the net benefits of the takeover bid proceeding - see section 8</p> |
| What do the Directors intend to do with their Chalmers Shares? | As at the date of this Target's Statement, the Directors have accepted the Offer under the Scrip Option in respect of all the Chalmers Shares they own or control in the absence of a superior proposal. |

| Question | Answer |
|---|---|
| What is this Target's Statement? | This document is the Target's Statement and is Chalmers's formal response to the Offer. It includes the recommendation of the Directors in relation to the Offer. |
| What is the Bidder's Statement? | The Bidder's Statement is the document containing, among other things, the terms of the Offer. |
| How do I reject the Offer? | <p>To reject the Offer you should do nothing.</p> <p>If you decide to do nothing, you should be aware of the rights of the Bidder to compulsorily acquire your Chalmers Shares in certain circumstances. See section 7.5 for more information on compulsory acquisition.</p> |
| How do I accept the Offer? | Details are set out in section 12.4 of the Bidder's Statement. |
| What happens if I do nothing and therefore do not accept the Offer | <p>If you do not accept the Offer, you will remain a holder of your Chalmers Shares.</p> <p>However, if the Bidder acquires a relevant interest in at least 90% of all Chalmers Shares and the other conditions to the Offer are satisfied or waived before the end of the Offer Period, the Bidder currently intends to compulsorily acquire all Chalmers Shares which have not been acquired by the Bidder.</p> <p>If compulsory acquisition occurs, you will be paid the Offer Price at the conclusion of the compulsory acquisition process. Please be aware that, in such circumstances, you will receive the Offer Price later than if you had accepted the Offer prior to the end of the Offer Period.</p> |
| If I accept the Offer now, can I withdraw my acceptance? | <p>No. Under the terms of the Offer, you cannot withdraw your acceptance (but see section 7.4).</p> <p>Further, if you accept the Offer now, you will not be able to sell your Chalmers Shares on ASX or to any other bidder that may make a takeover bid (the Chalmers Directors are not presently aware of any other possible takeover bid), or deal with your Chalmers Shares in any other manner while the Offer remains open.</p> |
| If I accept the Offer, when will I receive the Offer Price? | <p>If you validly accept the Offer and provide all necessary documents at the time of that acceptance and the Offer becomes unconditional, then you will be paid the Offer Price on or before the earlier of:</p> <ul style="list-style-type: none"> • within one month after the later of the Offer becoming unconditional and receipt by the Bidder of your valid Acceptance Form; and • 21 days after the end of the Offer Period. <p>Please see section 12.10 of the Bidder's Statement for more information.</p> |

| Question | Answer |
|--|--|
| When do I have to decide what to do? | If you wish to accept the Offer, you need to do so before the Closing Date, which is currently 7:00pm AEST on 8 August 2019, unless extended (see section 7.2). |
| What are the tax implications of acceptance? | You should consult a financial, tax or other professional adviser on the tax implications of acceptance. Some general comments are offered in section 9 of the Bidder's Statement. |
| Do I pay brokerage fees or stamp duty if I accept? | You will not pay any brokerage fees or stamp duty on the disposal of your Chalmers Shares if you accept the Offer. Please see sections 3.7 and 9.6 of the Bidder's Statement for more information. |
| Can the Bidder extend the Offer Period? | Yes. Subject to the requirements of the Corporations Act, the Offer Period can be extended at Bidder's election at any time before the end of the Offer Period. ASIC will be sent written notice of any extension and any extension will also be announced to ASX. |
| What happens if the Bidder increases the Offer Price? | In the absence of a competing proposal, the Bidder is highly unlikely to increase the Offer Price. However, if a competing proposal is made and the Bidder does increase the Offer Price, all Chalmers Shareholders who accept the Offer (whether before or after the increase in Offer Price is announced) will be entitled to receive the increased Offer Price. |
| Are there any conditions to the Offer? | Yes. See section 7.3 of this Target's Statement for an overview and section 12.8 of the Bidder's Statement where all the conditions to the Offer are listed. |
| Can the Bidder withdraw the Offer? | Bidder may not withdraw the Offer without the written consent of ASIC. |
| Can I be forced to sell my Chalmers Shares? | <p>You cannot be forced to sell your Chalmers Shares unless the Bidder acquires a relevant interest in at least 90% of all Chalmers Shares during, or at the end of, the Offer Period and proceeds to compulsorily acquire your Chalmers Shares under the Corporations Act.</p> <p>If that happens, you will be paid the last price offered by the Bidder for Chalmers Shares under the Offer before compulsory acquisition commences, however you will receive payment later than Chalmers Shareholders who accepted the Offer.</p> <p>See section 7.5 for further details.</p> |
| What if I require further information? | Call Kane Harnden on 03 9316 2011 from within Australia or on telephone +61 3 9316 2011 from outside Australia between 9am and 5pm AEST Monday to Friday. |

3. Your choices as a Chalmers Shareholder

3.1 Alternatives for Chalmers Shareholders

Chalmers encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to whether or not, and if so when, you should reject or accept the Offer in respect of all your Chalmers Shares.

As a Chalmers Shareholder, you currently have three choices available to you.

| What happens if: | Bidder becomes entitled to compulsorily acquire your Chalmers Shares following the end of the Offer | Bidder does not become entitled to compulsorily acquire your Chalmers Shares following the end of the Offer |
|---|---|--|
| You reject the Offer by taking no action | Bidder will not be able to acquire your Chalmers Shares unless Bidder and its Associates hold at least 90% of the Chalmers Shares at the end of the Offer Period. In this event, the Bidder will become entitled to compulsorily acquire those Chalmers Shares that it does not already own (see section 7.5 for further information regarding compulsory acquisition). | You will continue to hold your Chalmers Shares. You also have the ability to sell those Chalmers Shares. |
| You accept the Offer | You will receive Qube Shares ¹ , or cash, depending on which option you elect in exchange for your Chalmers Shares. | You will continue to hold your Chalmers Shares. You also have the ability to sell those Chalmers Shares. |
| You sell your Chalmers Shares | You could receive a cash amount equivalent to the prevailing market value of your Chalmers Shares, less any brokerage or other fees. You will not receive any payment under the Offer and you cannot participate in the | You could receive a cash amount equivalent to the prevailing market value of your Chalmers Shares, less any brokerage or other fees. You will not receive any payment under the Offer and you cannot participate in the |

¹ Other than ineligible foreign shareholders and holders of unmarketable parcels, who can only receive cash - see section 11.13 of the Bidder's Statement.

| | | |
|--|--------|--------|
| | Offer. | Offer. |
|--|--------|--------|

3.2 **Timing of your decision**

You have a choice, if you decide to accept the Offer, whether to lodge your Acceptance Form immediately or at some later time before the Closing Date. You would be unable to sell either your Chalmers Shares or any resulting new Qube Shares in the period between lodging your Acceptance Form and some time after the close of the Offer.

4. How to accept the Offer

4.1 Accept for all of your Chalmers Shares

Subject to sections 12.11(c) and 12.11(d) of the Bidder's Statement you may **only** accept the Offer for **all** of your Chalmers Shares.

4.2 Issuer Sponsored Holdings

If your Chalmers Shares are held in an Issuer Sponsored Holding (in which case your Securityholder Reference Number will commence with 'I'), to accept the Offer in respect of those Chalmers Shares you must:

- (a) **complete** and **sign** the personalised Acceptance Form that accompanied the Bidder's Statement in accordance with the instructions on it; and
- (b) **return** the Acceptance Form (using the reply paid envelope if you wish), together with all other documents required by the instructions on it, so that they are **received** before the end of the Offer Period at one of the addresses indicated on the Acceptance Form.

If you do not make an election on your Acceptance Form to receive the Scrip Option or the Cash Option, or you make an invalid, indistinct or conflicting election, you will be deemed to have elected to receive the Scrip Option in respect of all of your Chalmers Shares.

4.3 CHESS Holdings

If your Chalmers Shares are held in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept the Offer in respect of those Chalmers Shares you must either:

- (a) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period; or
- (b) **complete, sign and return** the enclosed Acceptance Form (using the reply paid envelope if you wish) in accordance with the instructions on the Acceptance Form, together with all other documents required by those instructions, so that they are **received** before the end of the Offer Period at one of the addresses indicated on the Acceptance Form. This will authorise the Bidder to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. You must ensure that the Acceptance Form (and the other required documents) are received in sufficient time for the Bidder to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your Chalmers Shares, to accept the Offer you must yourself initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

If you do not make an election on your Acceptance Form to receive the Scrip Option or the Cash Option, or you make an invalid, indistinct or conflicting

election, you will be deemed to have elected to receive the Scrip Option in respect of all of your Chalmers Shares.

5. Information on Chalmers

5.1 Introduction and history

Chalmers was listed on ASX on 1 January in 1974. Chalmers carries on business in road transport, logistic services, warehousing, tank services and container storage, repair and sales. Chalmers operates in Melbourne and Brisbane.

5.2 Capital structure of Chalmers

As at the date of this Target's Statement, Chalmers's capital structure comprises 7,614,000 Chalmers Shares.

For details of Chalmers's substantial shareholders as at the date of this Target's Statement, see section 8.2.

5.3 Financial information

A summary of the audited consolidated financial statements of Chalmers for its financial years ended 30 June 2018 and 2017 and for the half year ended 31 December 2018 is as follows:

Financial Years ended 30 June 2018 and 2017

| | FY2018 A\$ | FY2017 A\$ |
|---|-------------------|-------------------|
| Consolidated Statement of Comprehensive Income | | |
| Results from operating activities | 67,789,385 | 66,570,642 |
| Net finance income | 87,124 | 88,575 |
| Profit/(loss) before tax | (721,197) | 776,889 |
| Income tax benefit/(expense) | 147,808 | (296,169) |
| Profit/(loss) for the year after tax | (573,389) | 480,720 |
| Other comprehensive loss, net of tax | - | - |
| Total comprehensive profit/(loss) | (573,389) | 480,720 |
| | | |
| Total current assets | 15,962,109 | 15,186,750 |
| Total non-current assets | 36,102,904 | 36,691,064 |
| Total assets | 52,065,013 | 51,877,814 |
| Total current liabilities | 11,384,738 | 10,483,197 |
| Total liabilities | 19,085,777 | 18,058,699 |
| Net Assets | 32,979,236 | 33,819,115 |

Half Year ended 31 December 2018

| | HY2019 A\$ |
|---|--------------------|
| Consolidated Statement of Comprehensive Income | |
| Results from operating activities | 30,759,431 |
| Net finance income | 58,488 |
| Loss before tax | (3,729,563) |
| Income tax benefit | 1,089,854 |
| Loss for the half year after tax | (2,639,709) |
| Other comprehensive loss, net of tax | - |
| Total comprehensive loss | (2,639,709) |

| | |
|---------------------------|-------------------|
| Total current assets | 11,942,835 |
| Total non-current assets | 35,878,864 |
| Total assets | 47,821,699 |
| Total current liabilities | 9,865,657 |
| Total liabilities | 17,482,172 |
| Net Assets | 30,339,527 |

The operating result after tax for the half year ended 31 December 2018 was a loss of \$2.640M. As the Chairman advised at the 2018 Annual General Meeting, the financial performance of Chalmers continues to be adversely affected by reduced business activity, a lack of a scale and structural change within sectors of our industry. The climatic drought conditions being experienced across much of Australia have exacerbated the difficult trading environment. The Chalmers management group has been investigating and actively pursuing alternative strategic options to increase revenue and lower costs. Whilst there are early signs in recent months that these changes are impacting positively on business growth it will take some time to turn around the business into a profitable enterprise.

Copies of the various reports and ASX announcements of Chalmers (including the report for the half-year ended 31 December 2018) can be found on Chalmers' website at www.chalmers.net.au. The reports also contain details of Chalmers' accounting policies and the notes and assumptions that accompany the financial statements. If you would like to receive a copy of any of these documents, please contact Chalmers on +61 3 9316 2011 between 9.00am to 5.00pm (AEST) Monday to Friday.

5.4 Chalmers Directors

The Chalmers Directors as at the date of this Target's Statement are listed below. Details of their relevant interests in Chalmers Shares as at the date of this Target's Statement are set out in section 8.3.

- (a) Graham David Mulligan
- (b) Peter Thomas Brannighan;
- (c) Gary William Chalmers; and
- (d) Layton Allan Daglish.

5.5 Key management personnel

The following people are key management personnel (excluding Chalmers Directors) of the Chalmers Group at the date of this Target's Statement:

- (a) Kane Stacey Harnden (Chief Financial Officer, Company Secretary and Victoria State Manager);
- (b) Greg Smith (Queensland State Manager)

5.6 Effects of a change of control

A change of control of Chalmers will not have a material adverse effect under the terms of material agreements to which Chalmers is a party, other than possibly the lease of Chalmers' facility at the Port of Brisbane. The lessor must approve the new controlling party as if it were an assignee of the lease.

The Directors do not anticipate that Qube becoming a parent company will materially adversely affect Chalmers' relationship with any current business partner or contractor.

6. Information about Qube

6.1 Overview of Qube

Qube is Australia's largest integrated provider of import and export logistic 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 of over 6,500 employees.

See section 4 of the Bidder's Statement for information about Qube, its activities and its financial affairs.

6.2 Risks of a shareholding in Qube

There are risks in holding Qube Shares which you should consider before deciding whether to accept the Offer. Some of the key risks are outlined below, however, please see section 10 of the Bidder's Statement for more information.

- **Early stage projects:** Qube's strategy involves identifying and pursuing growth opportunities within its existing business and there are risks associated with the development of early stage projects.
- **Risks from acquisitions:** Qube's business strategy involves growth through acquisitions. There are risks in respect of integrating an acquisition, including the risk that potential synergies may not be realised and impact Qube's financial performance.
- **Customer consolidation risk:** Through Qube's interest in Patrick Terminals, the Qube Group is exposed to potential changes in the global shipping line market such as the consolidation of participants and changes to shipping consortia.
- **Access to property and rent expenses:** Some of Qube and its associate's businesses lease and licence significant infrastructure and other properties and assets such as rail terminals, container parks and stevedoring facilities. Continued access through lease and licence renewal is vitally important.

7. Summary of the Offer and other important issues

7.1 Summary of the Offer

The following is a summary only of the key terms of the Offer. The complete terms of the Offer are set out in section 12 of the Bidder's Statement.

The Offer is to acquire all of your Chalmers Shares. You may only accept the Offer for all of the Chalmers Shares that you hold. You cannot accept the Offer for only some of the Chalmers Shares that you hold.

The consideration under the Offer is 2.31 Qube Shares or \$6.50 cash for each Chalmers Share that you hold. Any fractional entitlement will be rounded up to the nearest whole number of Qube Shares.

The Offer is conditional (see section 7.3) and your acceptance will only result in an issue of Qube Shares or the payment of cash to you if the Offer becomes unconditional.

7.2 Offer Period

The Offer will be open from 8 July 2019 until 7.00 pm AEST on 8 August 2019, unless extended in accordance with the Corporations Act.

If, within the last 7 days of the Offer Period, the Offer Price is varied to improve the Offer Price the Offer Period will be extended automatically so that it ends 14 days after that event.

7.3 Defeating conditions to the Offer

The Offer, and any contract resulting from acceptance, is subject to a number of defeating conditions that are set out below.

(a) Minimum Relevant Interest

During, or at the end of, the Offer Period, Bidder and its related bodies corporate together have relevant interests in at least 90% of the Chalmers Shares.

(b) No regulatory action

Between the Announcement Date and the date which is the earlier of (a) the date on which the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by Qube or any of its related bodies corporate),

(other than an application to, or a decision or order of, ASIC or the 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 consequences of, or in connection with, the Offer) that:

- (iv) 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 Chalmers Shares under the Offer or any

transaction contemplated by the Bidder's Statement, the Offer or the rights of Qube or any of its related bodies corporate in respect of Chalmers Shares, or requires the divestiture by any entity within the Qube Group of any Chalmers Shares, or requires the divestiture of any assets of the Qube Group or Chalmers Group; or

- (v) imposes any new terms on, amends the existing terms of or otherwise affects the rights held by any entity within the Chalmers Group under any Approval issued to any entity within the Chalmers Group.

(c) **No cessation of licenses, registrations, certifications or accreditations**

Between the Announcement Date and the date which is the earlier of (a) the date on which the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive), no entity within the Chalmers Group and no key employee of the Chalmers 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.

(d) **No Material Adverse Change**

Between the Announcement Date and the date which is the earlier of (a) the date on which the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Qube or Chalmers (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 \$500,000 or more on the operating earnings before interest, tax, depreciation and amortisation of the Chalmers Group in any financial year; or
- (b) an adverse effect of \$2,000,000 or more on the value of the net assets of the Chalmers 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 Chalmers Group, taken as a whole, since 31 December 2018, except for events, changes and conditions publicly announced by Chalmers to the ASX prior to the Announcement Date or otherwise disclosed in public filings by Chalmers 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).

(e) **No material acquisitions, disposals or new commitments**

Except for any proposed transaction publicly announced by Chalmers before the Announcement Date, none of the following events occurs during the period from the Announcement Date and the date which is the earlier of (a) the date on which the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive):

- (i) any entity within the Chalmers 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 \$100,000 for any individual item or in excess of \$200,000 in aggregate;
- (ii) any entity within the Chalmers 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):
 - (A) for an amount or consideration in excess of \$100,000 for any individual item or in excess of \$200,000 in aggregate; or
 - (B) in respect of which the book value (as recorded in Chalmers's statement of financial position as at 31 December 2018) is in excess of \$100,000 for any individual item or in excess of \$200,000 in aggregate;
- (iii) any entity within the Chalmers 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 Chalmers Group in excess of \$200,000 in aggregate;
- (iv) the commitment by the Chalmers Group to capital expenditure in excess of \$200,000 in aggregate;
- (v) any entity within the Chalmers 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 Chalmers Group entity incurring or agreeing to incur an amount of capital expenditure in excess of \$200,000 in aggregate;
- (vi) any entity within the Chalmers Group settles any legal proceedings, claim, investigation, arbitration or other like proceeding where the amount claimed by or against an entity within the Chalmers Group exceeds \$100,000;
- (vii) any entity within the Chalmers Group becomes the subject of any litigation which is commenced or threatened, or there is an adverse development in any litigation to which an entity within the Chalmers 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 Chalmers Group that:
 - (A) is for an amount not covered by insurance in excess of \$100,000;
 - (B) would require the Chalmers Group to undertake expenditure in excess of \$100,000; or
 - (C) materially affects the rights held by or for the benefit of any entity within the Chalmers Group under any Approval issued to any entity within the Chalmers Group;

- (viii) any entity within the Chalmers 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 Chalmers Group following the Announcement Date exceeding \$200,000 in aggregate, other than:
 - (A) any draw down within existing limits of any existing debt facility in the ordinary course of business;
 - (B) trade credit in the ordinary course of business; or
 - (C) indebtedness to an entity within the Chalmers Group;
- (ix) any entity within the Chalmers 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;
- (x) any entity within the Chalmers Group incurs or otherwise become exposed to a liability or contingent liability with an amount or value exceeding \$200,000 in aggregate;
- (xi) any entity within the Chalmers 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 \$200,000 when aggregated with related transactions;
- (xii) any entity within the Chalmers 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 \$200,000 when aggregated with related transactions;
- (xiii) any entity within the Chalmers Group enters into any long-term commitment (including any non-contractual commitment or undertaking) with any customers which:
 - (A) has a duration of more than 12 months; or
 - (B) is inconsistent in a material respect with typical arrangements;
- (xiv) any entity within the Chalmers 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 a value or aggregate value of the new commitment or commitments is in excess of \$200,000;
- (xv) any entity within the Chalmers 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 \$200,000;
- (xvi) any entity within the Chalmers 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 Chalmers Group following the

Announcement Date being in excess of \$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);

- (xvii) any entity within the Chalmers 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 Chalmers Group in excess of \$200,000 or in breach of the law;
- (xviii) any entity within the Chalmers Group enters into any guarantee or indemnity on behalf of any entity within the Chalmers Group or provides security for the obligations of any entity within the Chalmers Group in relation to amounts in excess of \$200,000;
- (xix) any entity within the Chalmers Group provides financial accommodation to any Chalmers Director or any employee or officer of any entity within the Chalmers Group with an additional cost to the Chalmers group in excess of \$200,000 or in breach of the law;
- (xx) any entity within the Chalmers 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 Chalmers;
- (xxi) the constitution of any entity within the Chalmers Group is amended or replaced or any entity within the Chalmers Group states its intention to or makes any change to its constitution; or
- (xxii) any entity within the Chalmers 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.

(f) **No Change of Control or Other Rights**

Except as disclosed in any announcement made by Chalmers 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 the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive) is granted, any right (whether subject to conditions or not) as a result of Qube making the Offer or announcing its intention to make the Offer, or acquiring Chalmers Shares under the Offer, to:

- (i) acquire, or require the disposal of, or require any entity within the Chalmers Group to offer to dispose of, any material asset of any entity within the Chalmers Group;
- (ii) terminate, or vary the terms or performance of, any material agreement with any entity within the Chalmers Group;
- (iii) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Chalmers Group earlier than its stated maturity

date, or withdraw or inhibit the ability of any entity within the Chalmers 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 Chalmers to the ASX.

(g) No Dividends

Between the Announcement Date and the date which is the earlier of (a) the date on which the defeating condition in 7.3(a) is satisfied, and (b) the end of the Offer Period (each inclusive) Chalmers 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).

(h) No prescribed occurrences

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

- (i) Chalmers converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Chalmers or a subsidiary of Chalmers resolves to reduce its share capital in any way;
- (iii) Chalmers or a subsidiary of Chalmers 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;
- (iv) Chalmers or a subsidiary of Chalmers issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option in each case;
- (v) Chalmers or a subsidiary of Chalmers issues, or agrees to issue, convertible notes;
- (vi) Chalmers or a subsidiary of Chalmers disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Chalmers or a subsidiary of Chalmers grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) Chalmers or a subsidiary of Chalmers resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Chalmers or of a subsidiary of Chalmers is appointed;
- (x) a court makes an order for the winding up of Chalmers or of a subsidiary of Chalmers;
- (xi) an administrator of Chalmers or of a subsidiary of Chalmers is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Chalmers or a subsidiary of Chalmers executes a deed of company arrangement; or

- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Chalmers or a subsidiary of Chalmers.

(i) **No prescribed occurrences between the Announcement Date and the date of the Bidder's Statement**

During the period beginning of the Announcement Date and ending on the day before the Bidder's Statement is given to Chalmers, none of the events listed in section 7.3(h) happens.

To the extent that the conditions involve matters within the control of Chalmers, Chalmers will endeavour to ensure that such conditions remain satisfied.

7.4 Effect of acceptance and rights of withdrawal

Accepting the Offer would:

- (a) prevent you from accepting any higher takeover bid for your Chalmers Shares that may be made by a third party or any alternative transaction proposal; and
- (b) prevent you from selling your Chalmers Shares.

If you accept the Offer, you do not have a right to withdraw your acceptance (unless the Offer Period is extended by one month or more in certain circumstances).

The effect of acceptance of the Offer is set out in more detail in sections 12.4 to 12.16 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Chalmers Shares and the representations and warranties that you are deemed to give to Qube by accepting the Offer.

7.5 Compulsory acquisition

Bidder has stated in section 6.2 of the Bidder's Statement that it intends to compulsorily acquire all Chalmers Shares under the Corporations Act if it becomes entitled to do so.

Bidder will be entitled to compulsorily acquire all outstanding Chalmers Shares at the Offer Price if, by the end of the Offer Period, it has acquired a relevant interest in at least 90% (in number) of Chalmers Shares and has acquired at least 75% (in number) of Chalmers Shares which Bidder offered to acquire under the Offer.

Compulsory acquisition is commenced by lodging a compulsory acquisition notice with ASIC and sending the notice to ASX and all remaining Chalmers Shareholders who did not accept the Offer. Chalmers Shareholders have statutory rights to challenge compulsory acquisition. However, if Bidder establishes to the satisfaction of a court that the consideration being offered for the shares sought to be compulsorily acquired represents fair value, the court must approve the compulsory acquisition on those terms. Chalmers Shareholders should be aware that if their Chalmers Shares are compulsorily acquired, they are not likely to receive the Offer Price until at least one month after the compulsory acquisition notice is issued by Qube.

7.6 Consequences of Bidder acquiring less than 90% of the Chalmers Shares

The Offer is subject to a 90% minimum acceptance condition. If Bidder waives this condition, the Offer becomes unconditional and Bidder does not become entitled to compulsorily acquire your Chalmers Shares under the Corporations Act and you have not accepted the Offer you will remain a shareholder in Chalmers.

As at the date of this Target Statement Qube has received acceptances for 58.42% of all Chalmers Shares.

7.7 Risk factors if you do not accept the Offer

A number of specific risk factors that may impact the business strategies, future performance and financial position of Chalmers and its controlled entities are described below. It is not possible to identify every risk that could affect Chalmers' business, and while Chalmers implements risk mitigation measures to the extent possible, actions taken by Chalmers to mitigate the risks described below cannot provide absolute assurance that a risk will not materialise.

Before you decide whether to accept the Offer, you should read this Target's Statement in its entirety and carefully consider the following risk factors. You should also have regard to your own investment objectives and financial circumstances.

Specific risk factors relating to Chalmers

These include, and may not be limited, the following:

- (a) **Government policy and regulation** – Changes in legislation, government policy or regulation could also adversely impact the performance of Chalmers's business. In addition, if the amount and complexity of applicable legislation, policy or regulation increases, so too may the cost of compliance and the risk of non-compliance by Chalmers.
- (b) **Operational risks** – Inadequate or failed internal processes, systems and policies, in addition to potential hazards normally encountered with logistics and transport businesses, which includes but is not limited to incidents which could result in damage to plant or equipment or personal injuries to employees.
- (c) **Dependence upon key personnel** – Chalmers depends on the talent and experience of its key management and staff. It is essential that appropriately skilled persons, in sufficient numbers, be available to support the Chalmers business. The loss of any number of key personnel may adversely impact the performance of Chalmers's operations.
- (d) **Taxation** – Changes in tax law or changes in the way tax laws are interpreted may impact the tax liabilities of the Chalmers Group. The ability of the Chalmers Group to obtain the benefit of existing tax losses and claim other beneficial tax attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses.

Risks common to Chalmers and Qube

Please see section 10.2 of the Bidder's Statement for key risks that are common to Qube and Chalmers, and which therefore may be risks which materialise should there be a successful takeover.

Possible volatility of Chalmers Share price if the Offer does not proceed

While the Directors are unable to predict the price at which Chalmers Shares will trade in the future, the Directors believe that the Share price may fall after the close of the Offer if Qube does not become entitled to compulsorily acquire all outstanding Chalmers Shares and no other takeover offer is made for Chalmers.

General macroeconomic conditions

The performance of businesses in the transport and logistics industries is affected by macroeconomic conditions.

The financial performance of Chalmers continues to be adversely affected by reduced business activity which has been exacerbated by the climatic drought conditions being experienced across much of Australia.

7.8 Tax Implications

Section 9 of the Bidder's Statement set out a general overview of the Australian tax implications of a Chalmers Shareholder accepting the Offer. However, you should not rely on it as advice in respect of your own affairs. It does not deal with the position of all Chalmers Shareholders.

You should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept the Offer for your Chalmers Shares.

8. Additional Information

8.1 Other material information

This Target's Statement is required to include all the information that Chalmers Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept or not accept the Offer, but only:

- (a) to the extent to which it is reasonable for Chalmers Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
- (b) if the information is known to any Chalmers Director.

The Chalmers Directors are of the opinion that the information that Chalmers Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is the information contained in:

- (a) the Bidder's Statement;
- (b) Chalmers's statements to Chalmers Shareholders prior to the date of this Target's Statement (which are available on its website www.chalmers.net.au); and
- (c) this Target's Statement.

The Chalmers Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). In deciding what information should be included in this Target's Statement, the Chalmers Directors have had regard to the:

- (a) nature of the Chalmers Shares;
- (b) matters that Chalmers Shareholders may reasonably be expected to know;
- (c) fact that certain matters may reasonably be expected to be known to Chalmers Shareholders' professional advisers; and
- (d) the time available to Chalmers to prepare this Target's Statement.

8.2 Substantial shareholders

Based on the substantial holding notices provided to Chalmers as at the date immediately before the date of this Target's Statement, the substantial holders of Chalmers Shares, the number of Chalmers Shares in which they have a relevant interest and their voting power in Chalmers are set out below:

| Substantial holder | Number of Chalmers Shares | % |
|--------------------|---------------------------|--------|
| Mr GW Chalmers | 1,948,333 | 25.59% |

| Substantial holder | Number of Chalmers Shares | % |
|----------------------------------|----------------------------------|----------|
| Alljet Investments Pty Ltd | 1,605,040 | 21.08% |
| Mr SA Chalmers | 1,125,000 | 14.78% |
| WFDC Nominees Pty Ltd | 1,050,000 | 13.79% |
| One Managed Investment Funds Ltd | 298,548 | 3.92% |
| Mrs C Stubbs | 250,000 | 3.28% |

8.3 **Chalmers Directors' interests and dealings in Chalmers Shares**

As at the date of this Target's Statement, the number of Chalmers Shares in which each of the Chalmers Directors (or a related entity of a director) has a relevant interest is as follows:

| Directors | Fully Paid Ordinary Shares |
|------------------|-----------------------------------|
| Gary Chalmers | 3,235,000 |
| Layton Daglish | 39,870 |
| Graham Mulligan | 1,333 |
| Peter Brannighan | 1,000 |

During the four months ended on the date immediately before the date of this Target's Statement, no Chalmers Director has acquired or agreed to acquire, or disposed of or agreed to dispose of, a relevant interest in any Chalmers Shares.

8.4 **Conditional agreements**

There is no agreement made or arrangement between any Chalmers Director and any other person in connection with or conditional upon the outcome of the Offer.

8.5 **Benefits to Chalmers Directors**

No benefit has been, or will be, given to a person in connection with the retirement of a person from a board or managerial office in Chalmers or a related body corporate of Chalmers or who holds, or has held a board or managerial office in Chalmers or a related body corporate of Chalmers, or a spouse, relative or Associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of Chalmers.

8.6 **Material litigation**

Chalmers is not party to any material litigation.

8.7 **Consents and disclaimers**

HWL Ebsworth Lawyers has given its consent to being named in this Target's Statement as legal adviser to Chalmers and has not withdrawn that consent before the lodging of this Target's Statement with ASIC.

J.B. North & Co Pty Ltd AFSL 421214 has given its consent to being named in this Target's Statement as corporate adviser to Chalmers and has not withdrawn that consent before the lodging of this Target's Statement with ASIC.

Each person named in this section 8.7 as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than as specified in this section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and a statement included in the Target's Statement with the consent of that party as specified in this section; and
- (c) has not caused or authorised the issue of this Target's Statement.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Qube with ASIC or given to ASX, or announced on ASX by Qube. Under the Class Order, the consent of Qube is not required for the inclusion of such statements in this Target's Statement. Any Chalmers Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge and within 2 Business Days of the request being made) during the Offer Period by contacting Chalmers on +61 3 9316 2011 between 9am and 5pm AEST Monday to Friday.

Copies of announcements by Chalmers may also be obtained from Chalmers's website www.chalmers.net.au.

In addition, as permitted by ASIC class order 13/523, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or published book, journal or comparable publication,

where the statement was not made or published in connection with the Offer, Qube or Chalmers or any business property or person the subject of the Bidder's Statement or this Target's Statement. In those circumstances, the consent of the persons to whom those statements are attributed is not required for such statements to be included in this Target's Statement.

8.8 Continuous Disclosure

Chalmers is a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Chalmers to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Chalmers has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Chalmers Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au (ASX code: CHR) and Chalmers's website at <http://www.chalmers.net.au/about-us/information-documents>.

8.9 **Date of Target's Statement**

This Target's Statement is dated 17 July 2019, which is the date on which it was lodged with ASIC.

8.10 **Approval**

This Target's Statement has been approved by a resolution of the Chalmers Board.

Signed for and on behalf of Chalmers Limited:

A handwritten signature in black ink, appearing to read 'G Mulligan', written in a cursive style.

Graham Mulligan
Executive Chairman

9. Glossary

9.1 Definitions

The following defined terms are used throughout this Target's Statement unless the context otherwise requires.

| Defined Term | Definition |
|---------------------------------------|---|
| Acceptance Form | the acceptance form accompanying the Bidder's Statement and which forms part of the Offer, or any replacement or substitute acceptance form provided by the Bidder. |
| AEST | Australian Eastern Standard Time |
| Announcement Date | means 28 June 2019. |
| ASIC | Australian Securities and Investments Commission |
| Associate | has the same meaning given to that term for the purposes of Chapter 6 of the Corporations Act |
| ASX | ASX Limited ABN 98 008 624 691 or, where the context requires, the financial market operated by it known as Australian Securities Exchange |
| ASX Settlement | means ASX Settlement Pty Ltd (AB 49 008 504 532). |
| ASX Settlement Operating Rules | means the operating rules of the settlement facility provided by ASX Settlement. |
| Bidder | Qube Logistics (Aust) Pty Ltd ACN 123 003 930 |
| Bidder's Statement | the bidder's statement in respect of the Offer issued by Bidder under Part 6.5 of the Corporations Act dated 1 July 2019 |
| Closing Date | the date on which the Offer Period ends (see section 7.2 for further details) |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| Chalmers | Chalmers Limited ACN 004 471 032, ASX listed company (ASX:CHR) |
| Chalmers Board | the board of Chalmers Directors, as constituted from time to time |
| Chalmers Director | a director of Chalmers as at the date of this Target's Statement |
| Chalmers Group | Chalmers and each of its related bodies corporate or controlled entities |

| Defined Term | Definition |
|-------------------------------------|---|
| Chalmers Share | a fully paid ordinary share in the capital of Chalmers |
| Chalmers Shareholder | a person registered in the register of members of Chalmers as the holder of one or more Chalmers Shares |
| CHESS Holding | means a holding of Chalmers Shares on the CHESS Subregister of Chalmers. |
| CHESS Subregister | has the meaning given in the ASX Settlement Operating Rules. |
| Controlling Participant | has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules). |
| Holder Identification Number | means the number used to identify a Chalmers Shareholder on the CHESS Subregister of Chalmers. |
| Issuer Sponsored Holding | means a holding of Chalmers Shares on the Issuer Sponsored Subregister of Chalmers. |
| Issuer Sponsored Subregister | has the meaning given in the ASX Settlement Operating Rules. |
| Offer | the offer by Bidder set out in section 12 of the Bidder's Statement, or the off-market takeover bid constituted by that offer and each other offer by Bidder for Chalmers Shares in the form of that offer, including in each case as varied in accordance with the Corporations Act. |
| Offer Period | The period during which the Offer is open for acceptance, being 8 July 2019 to the Closing Date |
| Offer Price | Qube is offering 2.31 Qube Shares (Scrip Option) or \$6.50 cash for every Chalmers Share (Cash Option) |
| 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 stock exchange. |
| Qube | Qube Holdings Limited ACN 149 723 053, ASX listed company (ASX:QUB). In some contexts 'Qube' includes the Bidder. |
| Qube Group | means Qube and its related body corporate |
| Qube Share | means a fully paid ordinary share in Qube Holdings Limited. |
| related body corporate | has the same meaning given to that term in section 50 of the Corporations Act |

| Defined Term | Definition |
|--|---|
| relevant interest | has the same meaning given to that term in sections 608 and 609 of the Corporations Act |
| Securityholder Reference Number | means the number allocation by Chalmers to identify a Chalmers Shareholder on the Issuer Sponsored Subregister of Chalmers. |
| subsidiary | has the same meaning as given to that term in section 46 of the Corporations Act |
| Target's Statement | this Target's Statement which is issued by Chalmers in response to the Offers and otherwise in accordance with the requirements of the Corporations Act |
| voting power | has the meaning given to that term in section 610 of the Corporations Act |

9.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- (a) headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (c) a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- (d) a reference to time is a reference to AEST;
- (e) a reference to a section is a reference to a section of this Target's Statement;
- (f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (g) the singular includes the plural and vice versa; and
- (h) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency.