

QR National Limited IPO

New Issue Information Sheet

11 October 2010

Transaction Overview

QR National is Australia's largest rail freight haulage business, focussed primarily on the transportation of coal, iron ore, agricultural products and containerised freight

Following its IPO, QR National will be one of the top 50 companies on the ASX by market capitalisation



Offer Structure

| Issuer | QR National Limited | | |
|------------------------------|---------------------|---------------|---------------|
| Offer structure | IPO | | |
| Offer type | Bookbuild | | |
| Offer price | A\$2.50 - A\$3.00 | | |
| % of issued capital | 60% - 70% | | |
| New shares offered under IPO | 1,464 – 1,683m | | |
| Shares on issue after IPO | 2,440m | | |
| Proceeds from offer | A\$3,660 - \$5,050m | | |
| Post offer market cap | A\$6,100 - \$7,320m | | |
| Enterprise value post offer | A\$6,600 - \$7,820m | | |
| | \$2.50 | \$2.80 | \$3.00 |
| FY11 Pro forma EV/EBITDA | 7.4x | 8.2x | 8.7x |
| FY11 Pro forma PE | 21.1x | 23.7x | 25.3x |
| FY11 Annualised Yield | 2.5% | 2.2% | 2.1% |
| | \$2.50 | \$2.80 | \$3.00 |
| FY12 Pro forma EV/EBITDA | 6.0x | 6.6x | 7.1x |
| FY12 Pro forma PE | 16.5x | 18.5x | 19.8x |
| FY12 Annualised Yield | 3.3% | 3.0% | 2.8% |

Timetable

| | |
|--|---------------------------|
| Prospectus Lodged | Sun, 10 Oct 10 |
| Retail Offer opens | Sun, 10 Oct 10 |
| Retail Offer closes and Applications due (5:00pm Brisbane time) | Fri, 12 Nov 10 |
| Institutional Bookbuild | Thur 18 and Fri 19 Nov 10 |
| Retail Price, Institutional Price and the basis of allocation announced by | Mon, 22 Nov 10 |
| Listing, trading on conditional and deferred settlement basis commences on ASX | Mon, 22 Nov 10 |
| Institutional Offer settlement | Tues, 30 Nov 10 |
| Trading on deferred settlement basis commences on ASX | Wed, 1 Dec 10 |
| Holding statements despatched | Mon, 6 Dec 10 |
| Trading on normal settlement basis commences on ASX | Tue, 7 Dec 10 |
| First settlement date of all ASX trades | Fri, 10 Dec 10 |
| End of stabilisation period | Tues, 21 Dec 10 |
| Expected first dividend payment | Sept 11 |
| Record date to receive Loyalty Bonus Shares | Wed, 7 Dec 11 |

Key Financial Information

| A\$M | FY08A | FY09A | FY10A | FY11F | FY12F |
|------------------------|-------|-------|-------|-------|-------|
| Revenue | 2,402 | 2,614 | 2,903 | 3,363 | 3,736 |
| Growth % | NA | 9% | 10% | 16% | 11% |
| EBITDA | 417 | 493 | 628 | 894 | 1,104 |
| Margin % | 17% | 19% | 22% | 27% | 30% |
| EBIT | 99 | 141 | 204 | 427 | 578 |
| Margin % | 4% | 5% | 7% | 13% | 15% |
| NPAT | | | | 289 | 369 |
| EPS (CPS) ¹ | | | | 11.8 | 15.1 |

1: based on 2,440 shares on issue

Retail Investor Incentives

Retail investors receive the following benefits:

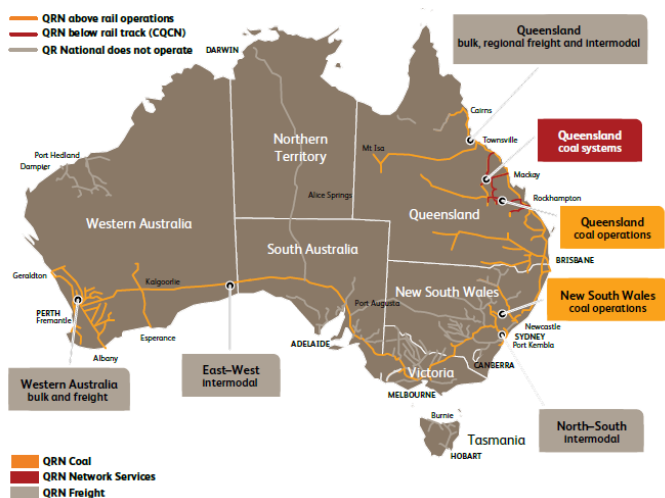
- \$0.10 per share discount on the institutional price with a maximum price of \$2.80 for the first \$250,000 of shares allocated
- Loyalty bonus if shares held to 7 Dec 11
 - 1:20 for non QLD residents (max 500)
 - 1:15 for QLD residents (max 675)

Key Investment Themes

Australia's Largest Rail Freight Operator

- 145 years of experience
- Operates across Australia, transporting coal, iron ore, other bulk mineral commodities, agricultural products, mining and industrial inputs and containerised freight
- Transported over 260 million tonnes of coal and freight in FY10
- Book value of tangible assets of \$7.4bn

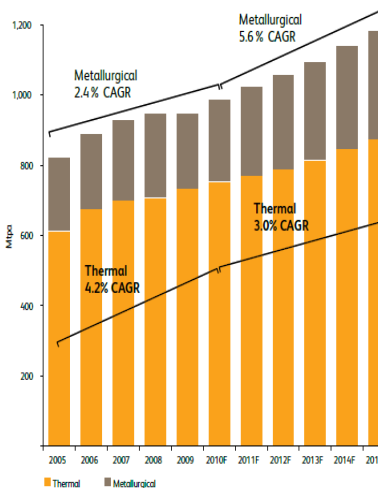
QR National Network



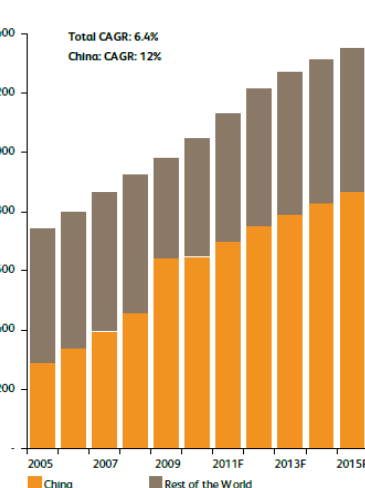
Exposure to Coal and Iron Ore Markets

- QR National has exposure to coal and iron ore markets
- The market for seaborne coal grew strongly over the last five years
- Demand for iron ore mined in Australia is expected to follow a similar growth trajectory to that of coal

Global Coal Imports



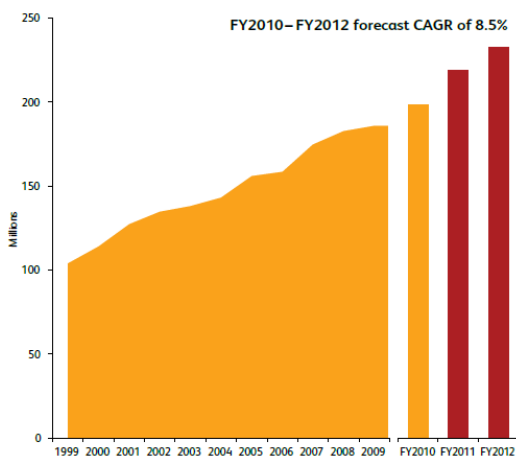
Global Iron Ore Imports



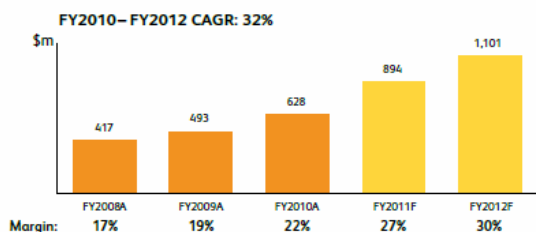
Track Record of Growth

- QR National has a history of increasing coal haulage and profitability

Coal Haulage



FY08A – FY12F EBITDA



Commercialisation Benefits

- QR National is undertaking a transformation program including over 20 business improvement objectives
- QR National has also commenced the use of benchmarking to identify and target areas for operational improvements and performance

Operational Benchmarks

| Operating metric | Performance category | QR National Coal ⁽²⁾ | Pacific National's Coal Business ⁽²⁾ |
|---|----------------------|---------------------------------|---|
| Revenue / NTK (A\$/000 NTK) | Revenue yield | 36 | 37 |
| Opex ⁽³⁾ / NTK (A\$/000 NTK) | Cost efficiency | 31 | 29 |
| EBITDA Margin | Profitability | 24% | 32% |
| Operating Ratio ⁽⁴⁾ | Profitability | 88% | 79% |

| Operating metric | Performance category | QR National Group ⁽²⁾ | Class 1 average ⁽¹⁾ |
|---|----------------------|----------------------------------|--------------------------------|
| Revenue / NTK (A\$/000 NTK) | Revenue yield | 45 | 32 |
| Labour Costs / Revenue | Cost efficiency | 34% | 26% |
| NTK/employee (MNTK) | Labour productivity | 7 | 12 |
| Opex ⁽³⁾ / NTK (A\$/000 NTK) | Cost efficiency | 42 | 24 |
| EBITDA Margin | Profitability | 22% | 37% |
| Operating Ratio ⁽⁴⁾ | Profitability | 93% | 73% |

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The offer of Securities will be made in, or accompanied by, a copy of the Offer Document lodged with the Australian Securities Exchange on 10 October 2010 (“Offer Document”).

Full details of the offer of shares in QR National Limited (ACN 146 335 622) by the State of Queensland including the risks associated with an investment in QR National are set out in the Share Offer Document. Applications may only be made by completing the application form in or accompanying the Share Offer Document [available now at qrnshareoffer.com.au or by calling 1800 776 476]. You should consider the Share Offer Document before deciding whether or not to apply for shares in QR National.

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