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## ASX ANNOUNCEMENT

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### Qube consortium makes proposal to acquire Asciano

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Further to the announcement by Asciano Limited ("Asciano"), Qube Holdings Limited ("Qube") today announces that, together with Global Infrastructure Management, LLC (on behalf of itself and its managed funds and clients) ("GIP") and Canada Pension Plan Investment Board ("CPPIB") (collectively the "Consortium"), it has submitted a non-binding indicative proposal ("Proposal") to acquire all of the issued share capital of Asciano not already owned by the Consortium for an aggregate implied value of A\$9.25 per Asciano share ("Proposed Transaction").

Under the Proposal, Asciano shareholders would receive aggregate consideration of A\$9.25 per share (comprising approximately 75% cash, with the balance in Qube shares), less the value of any cash dividend declared by Asciano prior to the Proposal being implemented.

The Proposal represents superior value to the conditional scheme of arrangement and conditional proposed takeover offer announced by Brookfield Infrastructure Partners L.P. ("Brookfield"), particularly given the "red light" issues announced by the Australian Competition and Consumer Commission ("ACCC") on 15 October 2015.

The implied value of A\$9.25 per share under the Proposal is 15c per share above the implied average value of the Brookfield offer of A\$9.10 since entry into the scheme implementation deed between Brookfield and Asciano on 18 August 2015, based on the VWAP of Brookfield units over that period. It also represents a premium of 22.4% to Asciano's closing price of \$7.56 prior to the Consortium completing its off-market acquisition of a 19.99% interest in Asciano on 29 October 2015.

The Consortium notes the current plan, in respect of the Brookfield proposal, to distribute Asciano's franking credits to shareholders and confirms it would be comfortable with a similar arrangement that could be developed in consultation with Asciano.

Through the receipt of Qube shares within the Proposed Transaction, Asciano shareholders will be able to retain an exposure to Asciano's container terminal businesses, including the upside available from Asciano's container terminal businesses being combined with Qube and operated by Australia's most successful port logistics management team.

Importantly, under the Proposal, Asciano shareholders would not be exposed to the risks associated with Brookfield's business and operations, and with Brookfield interests and CDIs, many of which are described in Asciano's scheme booklet in relation to the Brookfield scheme. In particular, the Brookfield proposal involves Asciano shareholders receiving relatively illiquid securities with a materially different risk profile, governance and management structure to their current investment in Asciano, and without the opportunity to directly share in the synergies likely to flow from the Consortium's Proposal, as well as access to franking credits in the future.

## **Process**

The Consortium is seeking that the Asciano Board provides confirmatory due diligence access to the Consortium such that the Proposal can be progressed as quickly as possible to a binding proposal in the best interests of Asciano shareholders. The Consortium has indicated that it will work constructively with Asciano to expedite its confirmatory due diligence with the aim of completing this by mid-December.

Following the satisfactory completion of confirmatory due diligence, the Consortium would seek to enter into an implementation deed with Asciano which would include provisions which are no less favourable to Asciano than the amended implementation deed agreed with the Brookfield consortium on 9 November 2015.

Any final proposal will be conditional on approval from the Board of Directors of Qube and the GIP and CPPIB Investment Committees and entry into the implementation deed.

Under the Proposed Transaction, it is the intention of the Consortium for GIP and CPPIB to acquire the rail business of Asciano and for Qube to acquire Asciano's Patrick container terminal business and its interest in Australian Amalgamated Terminals. Unlike the scheme of arrangement or takeover agreed with the Brookfield consortium, while it is expected that the ACCC will review the Proposed Transaction, it is not anticipated to be subject to ACCC approval.

Following implementation of the Proposed Transaction, Asciano (under GIP/CPPIB ownership) would continue to own and operate the Bulk, Automotive and Port Services business pending a sale process. Qube will seek to acquire certain of these remaining assets, subject to ACCC review.

## **Rationale for Qube**

As previously announced, Qube is participating in the Proposal in order to acquire Asciano's first class Australian terminal assets. It believes the transaction would be genuinely transformational for Qube and the Australian transportation market, realising significant synergies for Qube shareholders as well as the broader logistics chain.

Qube believes it is able to provide the necessary long term vision and strategy to improve the efficiency, value and performance of the Patrick terminal businesses by:

- managing and growing the Patrick terminals businesses;
- delivering cost efficiencies at the Patrick terminals businesses;
- implementing and expanding terminal automation and improving terminal operating systems; and
- improving road and rail interface performance.

Qube believes that the transaction, if it were to eventuate, would be highly accretive to Qube shareholders in the medium term.

## **Qube financing**

Qube intends to fund its share of the acquisition consideration through a combination of Qube scrip issued to Asciano shareholders and Qube debt facilities. Qube remains committed to retaining a prudent capital structure that retains funding flexibility to pursue its other growth initiatives.

## **Further information**

Updates will be provided to the market as required under Qube's continuous disclosure obligations.

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## **About the Consortium**

The Consortium comprises Qube, GIP and CPPIB, each of whom have a strong track record of efficiently and promptly executing material transactions, including public market transactions. The Consortium members are logical and credible acquirors of Asciano, with a focus on best practice in operations and stakeholder engagement.

Qube is Australia's largest integrated provider of import and export logistics services with national operations that provide a broad range of services. Listed on the ASX with a market capitalisation of A\$2.4 billion (as at 6 November 2015), Qube operates divisions covering automotive, bulk and general stevedoring, landside logistics and strategic development assets. For more information about Qube, visit [www.qube.com.au](http://www.qube.com.au).

GIP is a leading global, independent infrastructure investor that combines deep industry expertise with industrial best practice operational management. GIP targets investments in single assets and portfolios of assets and companies in power and utilities, natural resources infrastructure, air transport infrastructure, seaports, freight railroad, water distribution and treatment and waste management. GIP has offices in New York and London, with an affiliate in Sydney and portfolio company operations headquarters in Stamford, Connecticut. GIP manages approximately US\$15.4 billion for its investors. For more information about GIP, visit [www.global-infra.com](http://www.global-infra.com).

CPPIB is a professional investment management organisation that invests the funds not needed by the Canada Pension Plan (CPP) to pay current benefits on behalf of 18 million contributors and beneficiaries. In order to build a diversified portfolio of CPP assets, CPPIB invests in public equities, private equities, real estate, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Luxembourg, Mumbai, New York City and São Paulo, CPPIB is governed and managed independently of the Canada Pension Plan and at arm's length from governments. At June 30, 2015, the CPP Fund totalled C\$268.6 billion, of which C\$6.9 billion is invested in Australia. For more information about CPPIB, please visit [www.cppib.com](http://www.cppib.com).