

Date: 28 January 2015

ASCIANO RECEIVES PROPOSAL FROM QUBE CONSORTIUM

Asciano Limited (ASX: AIO, OTCUS: AIOYY) (**Asciano**) today announces that it has received the attached proposal from Qube Holdings Limited (**Qube**), Global Infrastructure Partners (**GIP**), Canada Pension Plan Investment Board (**CPPIB**) and CIC Capital Corporation (**CIC Capital**) (together, the **Qube Consortium**) to acquire 100% of the issued capital of Asciano.

The offer consideration comprises A\$6.97 cash and 1 Qube share per Asciano share, which has an implied value of A\$9.17 per Asciano share based on Qube's volume weighted average price ("VWAP") for the 30 trading days to 25 January 2016 of A\$2.20, and A\$9.08 per Asciano share based on Qube's closing price of A\$2.11 on 25 January 2016. The Qube Consortium intends to allow the Board of Asciano to declare fully-franked permitted dividends of up to A\$0.90 per share, in aggregate, to enable franking benefits of up to A\$0.386 per share to be distributed to shareholders. The cash component of the consideration would be reduced by the amount of any such permitted dividends.

The Asciano Board is considering this proposal and will provide a further update on its consideration of this matter in due course.

At the present time, the Asciano Board continues to unanimously recommend the Brookfield proposal announced on 9 November 2015 in the absence of a superior proposal.

The Asciano Board remains committed to maximising value for Asciano shareholders and will continue to keep the market informed of any further material developments.

Further Information

Asciano shareholders can obtain further information by contacting the Asciano Shareholder Information Line on 1300 729 310 for shareholders located in Australia, and +61 3 9415 4608 for shareholders located outside Australia.

For further information, please contact:

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- Ends -



28 January 2016

Malcolm Broomhead
Chairman
Asciano Limited
Level 6, 15 Blue Street
North Sydney NSW 2060

STRICTLY PRIVATE AND CONFIDENTIAL

Dear Malcolm,

Overview

Qube Holdings Limited (“Qube”), Global Infrastructure Management, LLC (on behalf of itself and its managed funds and clients) (“GIP”), Canada Pension Plan Investment Board (“CPPIB”) and CIC Capital Corporation (“CIC Capital”) (collectively the “Consortium”) are pleased to submit a binding proposal for the acquisition of all of the issued share capital of Asciano Limited (“Asciano” or the “Company”) not already owned by the Consortium, on the terms described below (“Proposed Transaction”).

The consideration to be provided to Asciano shareholders under the Proposed Transaction comprises A\$6.97 cash and 1 Qube share per Asciano share, which has an implied value of A\$9.17 per Asciano share based on Qube’s volume weighted average price (“VWAP”) for the 30 trading days to 25 January 2016 of A\$2.20, and A\$9.08 per Asciano share based on Qube’s closing price of A\$2.11 on 25 January 2016¹.

The Proposed Transaction represents superior value to the conditional scheme of arrangement and conditional takeover offer by Brookfield Infrastructure Partners L.P. (“Brookfield”), currently valued at A\$8.77 per Asciano share.²

The Proposed Transaction involves Asciano shareholders receiving a mixture of cash and Qube shares, thereby allowing shareholders to retain an exposure to Asciano’s container terminal businesses, including the upside potentially available from Asciano’s container terminal businesses being combined with Qube and operated by Australia’s most successful port logistics management team.

The Proposed Transaction would be implemented by an off-market takeover offer on the conditions outlined in a draft Bid Implementation Agreement to be provided, and through the other transaction steps outlined below. Importantly, the proposed minimum relevant interest condition under the takeover offer is 50.1% (including the Consortium’s existing 19.99% interest), meaning that Brookfield alone is unable to block implementation of the Proposed Transaction.

¹ 25 January 2016 being the last full trading day for both Qube and Brookfield prior to submission of this letter.

² Based on Brookfield’s last closing price of US\$32.82 on 25 January 2016, and exchange rate of 0.6956 US dollars per Australian dollar.

Details of the Proposed Transaction

Under the Proposed Transaction, Asciano shareholders will receive A\$6.97 cash and 1 Qube share for every Asciano share held (the "Consideration"). The Consideration implies a value of:

- A\$9.17 per Asciano share, based on Qube's VWAP for the 30 trading days to 25 January 2016 of A\$2.20; and
- A\$9.08 per Asciano share, based on Qube's closing price of A\$2.11 on 25 January 2016.

The Consortium intends to allow the Board of Asciano to declare fully-franked permitted dividends of up to A\$0.90 per share, in aggregate, to enable franking benefits of up to A\$0.386 per share to be distributed to shareholders. The cash component of the Consideration would be reduced by the amount of any such permitted dividends.

We believe that the implied value of the Proposed Transaction is a compelling proposition for Asciano's shareholders against a number of relevant benchmarks:

- The implied value of A\$9.17 per share represents a significant premium to recent trading levels including:
 - 37.8% premium to Asciano's closing price prior to confirming Brookfield's initial approach on 1 July 2015, of A\$6.65 per share;
 - 38.7% premium to Asciano's 1 month VWAP prior to confirming Brookfield's initial approach on 1 July 2015, of A\$6.61 per share; and
 - 21.2% premium to Asciano's closing price prior to the Consortium completing its off-market acquisition on 29 October 2015, of A\$7.56 per share.
- Is at the upper end of the Independent Expert's valuation range of A\$8.42 to A\$9.40 per Asciano share as disclosed in the Asciano scheme booklet and Asciano Target's Statement.
- Is materially in excess of the value of the Brookfield proposal based on all relevant recent trading benchmarks, including a:
 - 31 cent premium based on the closing prices of Qube and Brookfield and the AUD/USD exchange rate on 25 January 2016;
 - 27 cent premium based on the 5 trading day VWAPs of Qube and Brookfield and the average AUD/USD exchange rate to 25 January 2016; and
 - 31 cent premium based on the 30 trading day VWAPs of Qube and Brookfield and the average AUD/USD exchange rate to 25 January 2016.

Benefits of the Proposed Transaction

- Cash component provides attractive value certainty and liquidity to Asciano shareholders
- Scrip component provides Asciano shareholders with the opportunity to:
 - Participate in the growth opportunities of Qube, a leading Australian provider of import/export logistics services, with a highly respected management team with significant operational expertise and knowledge of the Asciano assets; and
 - Benefit from Qube's acquisition of a highly complementary portfolio. Qube believes that combining Ports with Qube under a single ownership and management structure is estimated to generate A\$30–50 million of benefits from synergies and business improvement projects producing double digit EPS accretion³ (before the impact of amortisation of identifiable intangibles) to Qube on an FY15 pro-forma basis. Qube believes there is potential for substantial additional value creation from longer term supply chain efficiencies

³ Pro forma EPS accretion calculation is before the impact of amortisation of identifiable intangibles, based on FY2015 underlying earnings for Qube and the Ports businesses, includes the full run rate impact of synergies based on Qube management's estimates, assumes funding comprising A\$1.8 billion of Qube equity with the remainder funded through debt, A\$100 million of one off transaction costs, and assumes the BAPS assets are divested for A\$850 million (i.e. no gain or loss on divestment to Qube).

The Proposed Transaction also removes Asciano shareholders' potential exposure to the significant risks associated with Brookfield's business and operations and interest in CDIs. Specifically, the Brookfield offer involves Asciano shareholders receiving relatively illiquid securities with a materially different risk profile, governance, tax (including franking credits) and management structure to their current investment in Asciano.

Transaction structure

It is the intention of the Consortium for:

- GIP, CPPIB and CIC Capital to acquire the rail business of Asciano (by acquiring, through a jointly-owned bid vehicle ("BidCo"), shares in Asciano);
- Qube to acquire Asciano's Patrick container terminal business and 50% interest in Australian Amalgamated Terminals ("AAT") (referred to collectively as "Ports"); and
- the remaining BAPS businesses and 50% interest in ACFS Port Logistics Pty Ltd (referred to collectively as "BAPS") to be sold to an entity to be established and owned by GIP, CPPIB and CIC Capital initially ("BAPS HoldCo"), with the intention that the BAPS assets be ultimately sold to a third party. Qube may subsequently seek to acquire certain of the BAPS assets (subject to regulatory approval).

To effect this, it is proposed that the following documents (the "Transaction Documents") would be entered into as soon as possible, subject only to any steps which Asciano is required to take under the matching right provisions of its implementation agreement with Brookfield:

- A Bid Implementation Deed, which:
 - provides for BidCo to make an off-market takeover bid for Asciano on the Agreed Bid Terms (being the Consideration referred to above and the bid conditions specified in the deed) and for the Asciano Board to unanimously recommend that takeover bid, in the absence of a superior proposal and subject to the Independent Expert opining that the bid is fair and reasonable to Asciano shareholders.
 - states that the bid conditions will include: a 50.1% minimum relevant interest condition (including the Consortium's existing 19.99% interest); ACCC, FIRB, OIO, ASIC and ASX approvals; a shareholder approval condition (see below); no regulatory restraints, no Asciano material adverse change, no Asciano prescribed occurrence conditions and third party consents.
 - includes exclusivity provisions and other obligations to support the bid, which provisions largely mirror the provisions agreed to by Asciano in its agreement with Brookfield.
- A Ports Share Purchase Agreement between Asciano and Qube, under which Asciano agrees to sell to Qube the shares in an entity holding the Ports businesses for consideration of A\$2,650 million, adjusted in accordance with that agreement.
- A BAPS Share Purchase Agreement between Asciano and BAPS HoldCo, under which Asciano agrees to sell to BAPS HoldCo the shares in an entity holding the BAPS businesses for consideration of A\$850 million, adjusted in accordance with that agreement.

The takeover offer, the Ports Share Purchase Agreement and the BAPS Share Purchase Agreement would be subject to a condition that Asciano shareholders, by simple majority vote in general meeting, approve the sale of the Ports business to Qube, the BAPS business to BAPS HoldCo, and the pro-rata distribution of the sale proceeds to Asciano shareholders (net of any funding which Asciano has obtained to fund payment of the permitted dividends, up to a maximum of A\$0.90 per share, in aggregate).

Completion of the Ports Share Purchase Agreement and the BAPS Share Purchase Agreement would occur after the close of the takeover offer, assuming the takeover offer has become unconditional.

Drafts of these Transaction Documents can be provided to you on request.

Financing structure

Qube, GIP, CPPIB and CIC Capital have entered into arrangements through which they agree to provide BidCo with the required funding under the Proposed Transaction.

The majority of cash consideration payable by BidCo under the takeover offer will be provided to BidCo by GIP, CPPIB and CIC Capital with the remainder provided by Qube to BidCo via debt funding arrangements. In addition, as part of the Consideration, Qube will directly pay to accepting Asciano shareholders a cash amount of \$0.264 per Asciano share. Qube has undertaken to issue new Qube shares to accepting Asciano shareholders as part of the Consideration.

GIP, CPPIB and CIC Capital will fund their components of the cash takeover offer consideration primarily with equity.

Following the completion of the Proposed Transaction, GIP, CPPIB and CIC Capital intend to maintain Asciano's existing debt where possible. GIP and CPPIB have arranged replacement debt in the event the change of control provisions under the debt facilities are triggered.

Qube will fund its component of the cash consideration under the takeover offer and the Ports Share Purchase Agreement using new and existing debt facilities and (depending on the level of acceptances under the takeover offer), an equity raising in Qube, for which Qube has underwriting commitments in place, including a letter of commitment from CPPIB in relation to investing an amount equivalent to 9.9% of Qube's expanded issued share capital (subject to any necessary regulatory approvals), with the price of the investment to be agreed prior to lodgment of the bidder's statement. At the point of completion of the BAPS Share Purchase Agreement, funding to BAPS HoldCo will be provided by way of a loan from Qube.

Regulatory approvals

The Consortium has submitted its applications for FIRB and OIO approvals. The Consortium has maintained constructive engagement with both FIRB and OIO and is confident of these approvals being obtained within the timeframes of the offer.

The Proposed Transaction is subject to ACCC approval of BidCo's acquisition of shares in Asciano, Qube's acquisition of the Ports businesses and BAPS HoldCo's acquisition of the remaining BAPS businesses.

The Proposed Transaction has been structured to minimise the potential for perceived competition issues and the Consortium does not anticipate that there will be any material adverse ACCC concerns.

The ACCC has commenced its review and the Consortium has been engaging with the ACCC about the Proposed Transaction since early November 2015.

Timetable and indicative transaction steps

The Consortium will work constructively with the Asciano board to expedite the timetable, to the extent possible for the benefit of shareholders. Key steps in the Proposed Transaction are set out below, subject to agreement with Asciano and the timing of regulatory approvals.

#	Event
1	Proposal made to Asciano
2	Entry into binding transaction documentation with Asciano <ul style="list-style-type: none"> - Bid Implementation Agreement - Share Purchase Agreement for Ports - Share Purchase Agreement for BAPS
3	Dispatch transaction documentation <ul style="list-style-type: none"> - Bidder's Statement - Target's Statement - Notice of Meeting for Asciano shareholders to approve the sale of Ports and BAPS and for the pro rata capital return
4	Asciano shareholder vote
5	Payment of special dividend
6	Takeover offer period closes
7	Payment of consideration under the takeover offer
8	Ports and BAPS sales complete and payment of pro rata capital return

About the Consortium

The Consortium comprises Qube, GIP, CPPIB and CIC Capital, 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 (ASX Code: QUB) 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\$2.2 billion (as at 25 January 2016), 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.

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. At September 30, 2015, GIP manages approximately US\$18.5 billion for its investors. For more information about GIP, visit 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 September 30, 2015, the CPP Fund totaled C\$273 billion, of which C\$6.7 billion is invested in Australia. For more information about CPPIB, please visit www.cppib.com.

China Investment Corporation ("CIC"), founded on 29 September 2007, was established as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerances. The overseas investment and management activities of CIC are undertaken by CIC International Co., Ltd. ("CIC International") and CIC Capital. Both CIC International and CIC Capital are market-oriented commercial entities with a specialized mandate and global reach. CIC Capital specializes in making direct investments to refine CIC's overall portfolio management and enhance investment on long-term assets. As of the end of 2014, CIC's total assets amounted to US\$746.7 billion, including several investments in Australia (e.g. Goodman Trust Australia, Investa Property Trust). For more information about CIC, please visit www.china-inv.cn.

Status of this letter

We would appreciate the Board's response on our binding offer by Friday 5 February 2016. We look forward to engaging constructively with you during this time.

However, this letter should not be regarded as a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act, as the Proposed Transaction remains conditional and dependent on signing the Transaction Documents.

Contact

All communications relating to this letter should be directed to the contacts below:

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We look forward to discussing the Proposed Transaction with you at your earliest convenience.

Yours sincerely,



Maurice James
Managing Director
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Adebayo Ogunlesi
Chairman and Managing
Partner
Global Infrastructure
Management, LLC

Mark Jenkins
Global Head of Private
Investments
Canada Pension Plan
Investment Board

DING Xuedong
Chairman and Chief
Executive Officer
CIC Capital Corporation

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