



11 December 2015

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir or Madam

Asciano Limited (ASX:AIO) - takeover bid by Nitro Corporation Pty Ltd ACN 607 605 701 ("Brookfield Bidder")

Asciano Limited (ABN 26 123 652 862) ("**Asciano**") today lodged its target's statement in relation to the off-market takeover offer by the Brookfield Bidder ("**Target's Statement**"). The Target's Statement has been sent to the Brookfield Bidder and lodged with the Australian Securities and Investments Commission today.

Asciano has also begun despatching the Target's Statement to Asciano Shareholders.

As required by item 14 of section 633(1) of the Corporations Act 2001 (Cth), enclosed is a copy of the Target's Statement.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Lyndall Stoyles".

Lyndall Stoyles
Group General Counsel & Company Secretary

For personal use only



Asciano Limited ABN 26 123 652 862

This is an important document and requires your immediate attention. You should read it in its entirety before you decide whether or not to accept the Offer. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

Personal use only

Brookfield Offer

TARGET'S STATEMENT

This Target's Statement has been issued by Asciano Limited (ABN 26 123 652 862) ("**Asciano**") in response to the recommended off-market takeover bid made by a consortium led by Brookfield Infrastructure Partners Limited, as general partner of Brookfield Infrastructure Partners L.P. ("**Brookfield Bidder**")

Your Directors recommend that you **ACCEPT** the Offer in the absence of a Superior Proposal

Your Directors are recommending both the Scheme and the Offer because they believe that either one is in the interests of Asciano Shareholders, in the absence of a Superior Proposal.

Financial Advisors



GRESHAM INVESTMENT HOUSE

Legal Advisor



Important notices

This target's statement ("Target's Statement") dated 11 December 2015 is given by Asciano under Part 6.5 of the Corporations Act in response to the Brookfield Bidder's Offer.

Forward looking statements

Certain statements in this Target's Statement relate to the future. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. These statements reflect only views held as at the date of this Target's Statement.

Other than as required by law, none of Asciano, its Directors or officers, its Affiliates, directors or officers, nor any other person gives any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this Target's Statement will actually occur and you are cautioned not to place undue reliance on any forward looking statement.

Asciano and the Directors disclaim any obligation or undertaking to disseminate after the date of this Target's Statement any updates or revisions to any forward looking statements to reflect any change in expectations in relation to those statements or change in events, conditions or circumstances on which a statement is based other than to comply with continuing legal obligations or the ASX listing rules.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

Risks

Asciano Shareholders will be aware from previous Asciano disclosures that there are risk factors associated with an investment in Asciano Shares. Those risks apply irrespective of the Offer. There are also some specific risks which arise in the context of the Offer. A brief outline of the risks is set out in section 9 of the Bidder's Statement. You should consider these risks before making a decision to accept or reject the Offer for your Asciano Shares.

Investment advice

The information contained in this Target's Statement does not constitute financial product advice. In preparing this Target's Statement, Asciano has not taken into account the objectives, financial situation or needs of individual Asciano Shareholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional advisor regarding your particular circumstances and the Offer or if you are in doubt as to the contents of this Target's Statement.

Notice to Asciano Shareholders outside Australia

This Target's Statement is subject to Australian disclosure requirements. It has been prepared solely in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

This Target's Statement does not constitute or contain an offer to Asciano Shareholders, or a solicitation of an offer from Asciano Shareholders, in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

The release, publication or distribution of this Target's Statement in jurisdictions outside Australia may be restricted by law or regulation in those jurisdictions and persons who come into possession of it should seek advice on and observe any restrictions. Any failure to comply with those restrictions may constitute a violation of applicable laws or regulations.

Unless the Brookfield Bidder determines otherwise in its sole discretion Ineligible Foreign Shareholders that accept the Offer will not receive BIP CDIs. Rather, the BIP CDIs that Ineligible Foreign Shareholders would have otherwise been entitled to receive will be provided to, and sold by, the Nominee with the net proceeds attributable to each Ineligible Foreign Shareholder to be paid to them by cheque in Australian dollars drawn on an Australian bank account. The determination of whether an Asciano Shareholder is an Ineligible Foreign Shareholder shall be at the sole discretion of the Brookfield Bidder and final. See sections 11.9 and 12.7 of the Bidder's Statement for further information on Ineligible Foreign Shareholders and the sale process conducted by the Nominee.

United States shareholders

BIP CDIs have not been, and will not be, registered under the *United States Securities Act of 1933* ("**Securities Act**") and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the Securities Act), except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. Accordingly, subject to certain limited exceptions, the component of the Offer consisting of BIP CDIs is not being made in the United States and those Asciano Shareholders will be treated as Ineligible Foreign Shareholders, as described above. For more information, see the definition of "Ineligible Foreign Shareholder" in the Glossary of this Target's Statement.

Furthermore, the BIP CDIs may not be reoffered, resold or transferred, directly or indirectly in or into the United States and the BIP Interests represented by BIP CDIs may not be reoffered, resold or transferred, directly or indirectly in or into the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

The Offer is not being made for American Depository Shares representing Asciano Shares. Holders of such American Depository Shares may only participate in the Offer if they withdraw their Asciano Shares from the deposit arrangement relating to the American Depository Shares and complete and return the Acceptance Form before the expiry of the Offer. For more information, see section 12.3(f) of the Bidder's Statement.

Tax implications of the Offer

There will be tax consequences for Asciano Shareholders which may include tax being payable on any gain on disposal of Asciano Shares.

For further detail regarding general Australian tax consequences of the Takeover Transaction, refer to section 10 of the Bidder's Statement. The tax treatment may vary depending on the nature and characteristics of each Asciano Shareholder and their specific circumstances. Accordingly, Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.

Privacy statement

Asciano has collected your information from the Register for the purpose of providing you with this Target's Statement. Such information may include

the name, contact details and securityholdings of Asciano Shareholders and the names of persons appointed to act as proxy, attorney or corporate representative of Asciano Shareholders. Without this information, Asciano would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of securityholders to be held in a public register. Personal information of the type described above may be disclosed to Asciano, the Brookfield Bidder, Brookfield Infrastructure and BIP and their registries, print and mail and other service providers, authorised securities brokers, Related Bodies Corporate of Asciano and BIP, and may be required to be disclosed to regulators, such as ASIC. Asciano Shareholders have certain rights to access personal information that has been collected.

Asciano Shareholders should contact the Asciano Registry in the first instance, if they wish to access their personal information.

Asciano Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.

Interpretation

Capitalised terms used in this Target's Statement are defined in the Glossary.

A reference to a Section or Annexure is a reference to a section of, or annexure to, this Target's Statement.

The Supplementary Independent Expert's Report reproduced in the annexure to this Target's Statement has its own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this document. All numbers are rounded unless otherwise indicated.

The financial amounts in this Target's Statement are expressed in Australian currency unless otherwise stated. A reference to \$, A\$ and AUD and cents is to Australian currency, unless otherwise stated. A reference to US\$ and USD is to the currency of the United States of America.

All times referred to in this Target's Statement are references to times in Sydney, Australia, unless otherwise stated.

Asciano website

The contents of Asciano's website does not form part of this Target's Statement and Asciano Shareholders should not rely on that content.

Asciano Shareholder Information Line

Asciano has established a Shareholder Information Line which Asciano Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Shareholder Information Line is:

- 1300 729 310 (within Australia)
- +61 3 9415 4608 (outside Australia)

which is available Monday to Friday between 9.00am and 5.00pm (Sydney time).

Date

This Target's Statement is dated 11 December 2015.

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Background

The following table sets out an overview of the important dates leading up to, and in respect of, the Offer. Further details on several key events are contained in ASX announcements made by Asciano on the relevant dates below.

Date	Event
18 August 2015	Announcement of formal offer by a consortium led by Brookfield Infrastructure Partners (" BIP ") to acquire 100% of Asciano Shares by way of a scheme of arrangement (" Scheme ") through an entity Controlled by an indirect subsidiary of BIP (" Brookfield Bidder ").
August 2015	ACCC commences informal review of Brookfield consortium's proposed acquisition of Asciano.
15 October 2015	ACCC publishes a Statement of Issues outlining its preliminary competition concerns in relation to the Brookfield consortium's proposed acquisition of Asciano.
30 October 2015	Announcement that a consortium of Qube Holdings Limited, Global Infrastructure Partners and Canada Pension Plan (the " Qube Consortium ") acquired an aggregate Relevant Interest representing 19.99% of Asciano Shares.
6 November 2015	Announcement that BIP acquired a Relevant Interest in 14.9% of Asciano Shares, together with an economic interest in a further 4.3% of Asciano Shares. ¹
9 November 2015	Announcement that subject to agreeing a bid implementation agreement with Asciano, the Brookfield Bidder would make a takeover offer for all of the Asciano Shares not currently held by the Brookfield Bidder.
9 November 2015	Announcement of the amendment of the Scheme Implementation Deed, (now called the Implementation Deed) to reflect the making of the Offer first announced on 6 November 2015.
10 November 2015	Announcement of an order by the Court to defer the Scheme Meeting, to a date to be determined.
10 November 2015	Announcement of conditional, indicative and non-binding proposal received from the Qube Consortium (the " Qube Proposal ").
13 November 2015	ACCC commences informal review of the Qube Consortium's proposed acquisition of Asciano.
16 November 2015	Announcement that the Asciano Board had decided to grant the Qube Consortium confirmatory due diligence.
23 November 2015	Date of the Bidder's Statement lodged by Brookfield Bidder to Asciano in relation to the Offer.
26 November 2015	ACCC announcement that it would not accept the draft undertakings offered by Brookfield Bidder which had been intended to address the ACCC's concerns set out in the Statement of Issues dated 15 October 2015.
7 December 2015	ACCC publication of market enquiries letter in relation to Qube Proposal.
10 December 2015	Date of Offer.
	Offer Period initially open for acceptance for a period ending at 7:00pm on 11 January 2016, unless extended. ²
11 December 2015	Date of this Target's Statement lodged by Asciano in response to the Offer.
17 December 2015	Expected date for announcement of ACCC's review decision in relation to the proposed acquisition by Brookfield Bidder, an entity Controlled by an indirect subsidiary of BIP.
4 January 2016	Last date for Brookfield Bidder to lodge notice of status of conditions and to extend the Offer Period, subject to certain exceptions. ³
11 January 2016 at 7:00pm	Scheduled close of Offer Period (unless Brookfield Bidder has provided notice to extend by the date the notice of status of conditions is lodged). ⁴
18 February 2016	ACCC's proposed date for announcement of decision in relation to the Qube Proposal (this may be a final decision or release of a Statement of Issues).

Update on Scheme

The existing Scheme under which the Brookfield Bidder would acquire all of the Asciano Shares remains on foot. The Asciano Board therefore also continues to unanimously recommend that Asciano Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.

On 9 November 2015, the Court ordered a deferral of the Scheme Meeting, which was scheduled to be held on 10 November 2015, to a date to be determined.

If a Scheme Meeting is held at a subsequent date, Asciano Shareholders who have accepted the Offer will still be entitled to vote their Asciano Shares at that Scheme Meeting. In the event that the Scheme is approved by the Requisite Majorities of Asciano Shareholders, the Scheme will be implemented and the Offer will not proceed.

1. The Brookfield Bidder's economic exposure to 4.3% of Asciano Shares was via an equity swap arrangement. The equity swap arrangement has been subsequently varied to give the Brookfield Bidder the option (subject to FIRB approval) to require physical settlement of the equity swap, by delivery of Asciano Shares, with the result that the Brookfield Bidder now has a Relevant Interest, rather than only an economic interest, in a further 4.3% of Asciano Shares (in addition to the 14.9% Relevant Interest in Asciano Shares it already held).
2. The Offer Period can be extended in certain circumstances. See Section 7.5 of this Target's Statement for more information.
3. The Offer Period can be extended in certain circumstances. See Section 7.5 of this Target's Statement for more information.
4. The Offer Period can be extended in certain circumstances. See Section 7.5 of this Target's Statement for more information.

Letter from Chairman of Asciano

Dear Asciano Shareholder

You will have received a Bidder's Statement under which the Brookfield Bidder has made an off-market takeover offer (the "Offer") for all of the Asciano Shares not currently held by the Brookfield Bidder. This Target's Statement is a response to that Bidder's Statement. The Offer is running concurrently with the previously announced and recommended Scheme as detailed in the Scheme Booklet (dated 30 September 2015).

Asciano Shareholders are being offered consideration of A\$6.9439 cash (reduced by the cash value of any Special Dividend paid) and 0.0387 BIP CDIs⁵ for each Asciano Share held.⁶ As at 9 December 2015, the last practicable day before the date of this Target's Statement, the implied value of the Offer was A\$8.9597 per Asciano Share,⁷ representing a 35% premium to Asciano's undisturbed closing share price of \$6.65 on 30 June 2015.

Asciano expects to pay a fully franked Special Dividend of up to A\$0.90 per Asciano Share as part of the Offer (subject to the Brookfield Bidder freeing the Offer from all defeating conditions and a favourable draft ATO Tax Ruling being obtained). If a Special Dividend is paid, the cash component of the Offer Consideration will be reduced to account for the cash value of the Special Dividend.

The Offer is subject to a number of conditions outlined in section 12.8 of the Bidder's Statement, including the Brookfield Bidder and its Associates having a Relevant Interest in at least 50.1% of all Asciano Shares (on a fully diluted basis), ACCC and FIRB approval, and Asciano Shareholders at a Scheme Meeting not agreeing to the Scheme by the Requisite Majorities.

The Asciano Board unanimously recommends that you ACCEPT the Offer in the absence of a Superior Proposal. Each Director intends to accept the Offer for any Asciano Shares owned or controlled by them, in the absence of a Superior Proposal. Your Directors believe you should ACCEPT the Offer because:

- the Independent Expert has concluded that the Offer is fair and reasonable in the absence of a Superior Proposal;
- the Offer represents attractive value for Asciano Shareholders being at a premium of 36%⁸ to the undisturbed three month volume weighted average price of Asciano Shares;
- the Offer Consideration is at a premium to the price at which the Brookfield Bidder has acquired a Relevant Interest in 19.33% of Asciano Shares;
- there are a number of risks associated with being a minority Asciano Shareholder which you will be exposed to if you do not accept the Offer, the Offer becomes unconditional and the Brookfield Bidder does not proceed to compulsory acquisition;
- Asciano Shareholders may receive a fully franked Special Dividend of up to A\$0.90 per Asciano Share. This may give an additional benefit to certain Asciano Shareholders who are Australian tax residents depending on each individual's tax circumstances;

5. Each BIP CDI will represent a beneficial interest in one BIP Interest and will have rights that are economically equivalent to the rights attaching to BIP Interests. BIP CDIs will be quoted and traded on the ASX in Australian dollars. See section 3 of the Bidder's Statement for more details.

6. An Ineligible Foreign Shareholder will not be entitled to receive BIP CDIs. Ineligible Foreign Shareholders will receive cash instead of the BIP CDIs which they would otherwise be entitled to receive. The BIP CDIs which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Nominee, who will sell these shares. The net proceeds of the sale of such shares will then be remitted to the relevant Ineligible Foreign Shareholders.

7. Based on the BIP Interest price of US\$37.67 per BIP Interest as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015.

8. Based on the BIP Interest price of US\$37.67 per unit, as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015. The 3 month undisturbed VWAPs is based on cumulative trading for the period from 1 April 2015 up to and including 30 June 2015, the day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield Infrastructure.

- Asciano Shareholders who accept the Offer will be able to participate in the Combined Group, including the Asciano business via the receipt of BIP CDIs (unless any BIP CDIs to which they would have been entitled are sold by the Nominee – see section 12.7 of the Bidder's Statement); and
- if the Offer or Scheme does not proceed, and no Superior Proposal emerges, the price of Asciano Shares is likely to fall.

Section 1 of this Target's Statement sets out in more detail each of these reasons for your Directors' unanimous recommendation to ACCEPT the Offer, in the absence of a Superior Proposal. In addition, Section 2 of this Target's Statement sets out reasons why you may not accept the Offer. You should read these reasons carefully. The Directors note that the ACCC condition remains outstanding and it is uncertain whether this condition will be satisfied (refer to Section 2.6 for further details).

The Asciano Board commissioned Grant Samuel to prepare a Supplementary Independent Expert's Report on the Offer. The Supplementary Independent Expert's Report is contained in Annexure A of this Target's Statement and the Directors encourage you to read the report in its entirety. In its report, Grant Samuel:

- concluded that the Offer is fair and reasonable in the absence of a Superior Proposal;
- concluded it was premature to amend the valuation of Asciano (A\$8.42 to A\$9.40 per Asciano Share) although the recent trading performance of the business would suggest that there is potentially some downside risk; and
- assessed the implied value of the Offer Consideration to be A\$8.93 to A\$9.27 per Asciano Share, which is within this range.

As at the date of this Target's Statement, no offer has emerged that the Asciano Board considers to be a Superior Proposal. As previously announced, the Qube Consortium has acquired an aggregate Relevant Interest in 19.99% of Asciano Shares and has made a conditional, indicative and non-binding proposal to acquire all of the Asciano Shares which it does not already own for an implied value of A\$9.25 per Asciano Share. The ACCC is making market enquiries in relation to the Qube Proposal and published its market enquiries letter on 7 December 2015. There is no certainty that the Qube Consortium will make any binding proposal or that if it does it would be considered a Superior Proposal. However, the Qube Consortium is currently conducting due diligence on Asciano and there remains the possibility that it will make a Superior Proposal prior to the close of the Offer Period. If a Superior Proposal is announced, Asciano Shareholders who have accepted the Offer will not be able to withdraw their acceptance and/or to accept a Superior Proposal unless the Offer is subject to a defeating condition and the Brookfield Bidder varies the Offer in a way that postpones for more than one month the time when the Brookfield Bidder has to meet its obligations under the Offer, the Offer is withdrawn, the Offer Period ends without becoming unconditional, or (at the time of withdrawal) the FIRB Condition remains unsatisfied.⁹ Accordingly, if you accept the Offer, you may be unable to accept a Superior Proposal if one arises.

The Offer will be on foot concurrently with the previously announced and recommended Scheme (as detailed in the Scheme Booklet). The proposed Scheme remains in place. However, the date for the Scheme Meeting has been deferred to a date to be determined. If a Scheme Meeting is held before the Offer is declared unconditional, Asciano Shareholders who have accepted the Offer will still be entitled to vote their Asciano Shares at the Scheme Meeting. Amongst other conditions, the Offer is subject to Asciano Shareholders at a Scheme Meeting not agreeing to the Scheme by the Requisite Majorities. Your Directors are recommending both the Scheme and the Offer because they believe that either one is in the interests of Asciano Shareholders, in the absence of a Superior Proposal.

9. See Section 7.8 of this Target's Statement for further information.

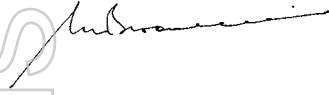
Letter from Chairman of Asciano

To accept the Offer you should carefully follow the instructions in section 12.3 of the Bidder's Statement or the instructions on the Acceptance Form attached to the Bidder's Statement. The Offer is due to close on 11 January 2016 at 7:00pm (Sydney time), unless extended or withdrawn. I encourage you to read all the information contained in this Target's Statement having regard to your own circumstances. You should consider the Directors' reasons for their recommendation, including the risk factors which are set out in Section 6 of this Target's Statement. If you are in any doubt as to the action that you should take in relation to the Offer, you should consult your legal, taxation or financial advisor.

If you have any questions about the Offer or any other matter in this Target Statement, you should contact Asciano's Shareholder Information Line on 1300 729 310 (within Australia) or +61 3 9415 4608 (outside Australia).

On behalf of the Asciano Board, I would like to take this opportunity to thank you again for your ongoing support of Asciano.

Yours sincerely



Malcolm Broomhead
Chairman

Asciano Limited

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU **ACCEPT** THE OFFER

TO **ACCEPT** THE OFFER, FOLLOW THE INSTRUCTIONS IN SECTION 12.3 OF THE BIDDER'S STATEMENT OR THE INSTRUCTIONS ON THE ACCEPTANCE FORM ATTACHED TO THE BIDDER'S STATEMENT

Your Directors are recommending both the Scheme and the Offer because they believe that either one is in the interests of Asciano Shareholders, in the absence of a Superior Proposal.

YOU SHOULD

1. Read this Target's Statement
2. Consult your investment, financial, taxation or other professional advisor if in doubt about what to do
3. If you have any questions, call the Asciano Shareholder Information line on **1300 729 310** (*within Australia*)
+61 3 9415 4608 (*outside Australia*)
which is available from Monday to Friday between 9.00 am and 5.00 pm (EST)

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1.

Reasons to accept the Offer



1. Reasons to accept the Offer

1.1 The Directors unanimously recommend that you ACCEPT the Offer, in the absence of a Superior Proposal

The Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal. In reaching their recommendation, the Directors have assessed the Offer, having regard to the reasons to accept, or reject, the Offer, as set out in this Target's Statement.

In the absence of a Superior Proposal, the Directors intend to accept the Offer for all of the Asciano Shares owned or controlled by them.

1.2 The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a Superior Proposal

The Directors appointed Grant Samuel as Independent Expert to undertake an independent assessment of the Offer. Grant Samuel has prepared a Supplementary Independent Expert's Report to assess the Offer taking into account the events which have occurred since announcement of the Scheme.

The Independent Expert has assessed a valuation range for Asciano of A\$8.42 to A\$9.40 per Asciano Share. The Independent Expert has also assessed the implied value of the Offer Consideration to be A\$8.93 to A\$9.27 per Asciano Share, which is within this range.

Accordingly, the Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a Superior Proposal.

The Independent Expert has noted that advantages and benefits for Asciano Shareholders include:

- (a) Asciano Shareholders who retain the BIP CDIs received as Offer Consideration will:
 - retain an exposure to the growth opportunities of the Asciano business, albeit on a significantly diluted basis relative to their current position (Asciano Shareholders will collectively own approximately 14% of BIP which, in turn, will own 55% of Asciano);
 - have an exposure to BIP's existing infrastructure assets, which are diversified by asset class and geography and which offer considerable risk reduction benefits through diversification; and
 - have the potential to benefit from any synergy benefits extracted by BIP from its acquisition of Asciano.

The BIP CDIs will be listed on the ASX and it is expected that BIP will be eligible (subject to meeting the necessary requirements) to be included in the S&P/ASX 100 and S&P/ASX 200 indices. The listing should ensure that most institutional holders that have mandate restrictions can continue to hold the BIP CDIs and index inclusion will support liquidity in the trading on the ASX; and

- (b) The Offer Consideration could include a fully-franked Special Dividend of up to A\$0.90 per Asciano Share (subject to the Brookfield Bidder freeing the Offer from all defeating conditions and a favourable draft ATO Tax Ruling being obtained). This gives an additional benefit to certain Asciano Shareholders who are Australian tax residents. See section 10 of the Bidder's Statement for further details regarding the tax implications of the Offer and the Special Dividend.

The Independent Expert also notes a number of disadvantages and risks for Asciano Shareholders including the different investment profile of BIP CDIs, risks of integrating Asciano's businesses into the operations of BIP, future distributions from BIP will not be franked for Australian income tax purposes and Asciano Shareholders may incur capital gains tax on the total consideration under the Offer.

In addition, the Independent Expert noted that the change from the Scheme to the Offer and the introduction of a 50.1% minimum acceptance condition means that the Brookfield Bidder could obtain control of Asciano but with less than 100% of Asciano Shares. Asciano could remain a listed entity with minority shareholders. Such an outcome would have some adverse consequences for BIP (and therefore the price of its units) but the Independent Expert concluded that they are unlikely to be material.

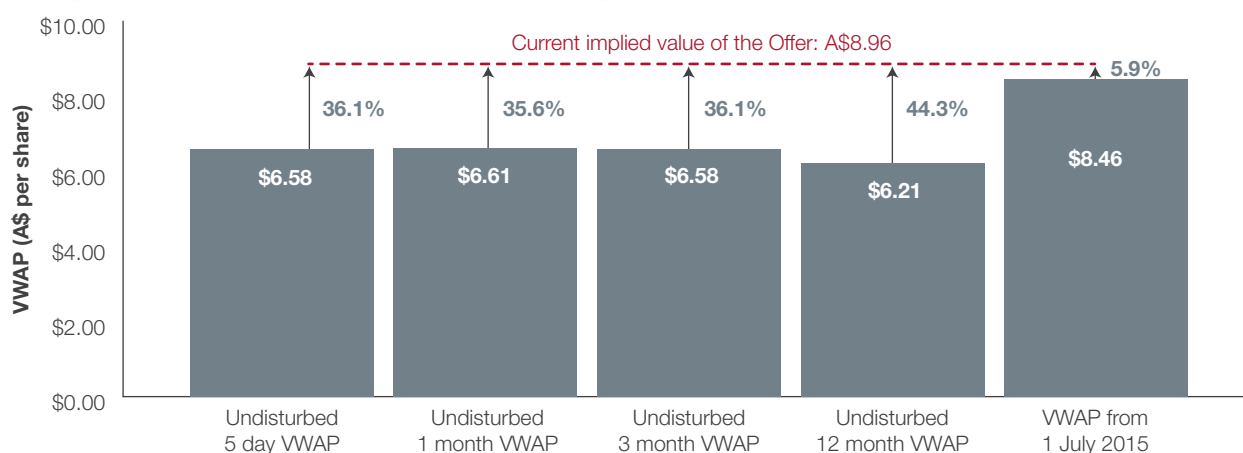
A copy of the Supplementary Independent Expert's Report is included in Annexure A of this Target's Statement and the Directors encourage you to read the report in its entirety. Asciano Shareholders should also refer to the original report which was included in the Scheme Booklet in considering the Supplementary Independent Expert's Report.

1. Reasons to accept the Offer (cont)

1.3 The Offer Consideration represents attractive value for Asciano Shareholders

The implied value of the Offer represents a significant premium over historical trading prices of the Asciano Shares. The implied value of the Offer Consideration, excluding the potential benefit of franking credits associated with the Special Dividend, is approximately A\$8.9597 per Asciano Share as at 9 December 2015,¹⁰ the last practicable trading day prior to the date of this Target's Statement.

Current Implied Value of the Offer Consideration – premium¹¹



The implied value of the Offer Consideration is also approximately 27% above the median of broker valuations of Asciano Shares of A\$7.05 per Asciano Share. The broker valuations are based on broker reports published prior to the announcement on 1 July 2015 of Brookfield Infrastructure's approach and use methodologies commonly used to value companies in the infrastructure and logistics sector.¹² Whilst broker valuations of ASX listed companies provide a useful comparison, they are based on assumptions and projections that may or may not be realised or achieved and should be viewed accordingly.

1.4 The Offer is at a premium to the price at which the Brookfield Bidder has acquired a Relevant Interest in 19.33% of Asciano Shares

The implied value of the Offer Consideration, excluding the potential benefit of franking credits associated with the Special Dividend, is approximately A\$8.9597 per Asciano Share as at 9 December 2015, being the last practicable trading day prior to the date of this Target's Statement.¹³

On 5 November 2015, the Brookfield Bidder acquired a Relevant Interest in approximately 14.9% of all Asciano Shares for A\$8.80 per share from institutional shareholders. The Brookfield Bidder also had economic exposure to a further 4.3% via an equity swap arrangement. The equity swap arrangement has been varied to give the Brookfield Bidder the option (subject to FIRB approval) to require physical settlement of the equity swap, by delivery of Asciano Shares, with the result that the Brookfield Bidder now has a Relevant Interest, rather than only an economic interest, in 41,855,294 Asciano Shares. These Asciano Shares are now therefore included in the Brookfield Bidder's Relevant Interest. The implied value of the Offer Consideration as at 9 December 2015 represents a 2% premium to the price of A\$8.80 at which the Brookfield Bidder purchased these Asciano Shares.

10. Based on the BIP Interest price of US\$37.67 per unit, as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015.

11. Based on the BIP Interest price of US\$37.67 per unit, as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015. The undisturbed VWAPs are based on cumulative trading for the respective periods up to and including 30 June 2015, the day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield Infrastructure. 5 day VWAP based on trading from 24 June 2015, 1 month VWAP based on trading from 1 June 2015, 3 month VWAP based on trading from 1 April 2015 and 12 month VWAP based on trading from 1 June 2014, VWAP from 1 July 2015 is based on trading from 1 July 2015 to 9 December 2015, being the trading period since Asciano confirmed to the ASX that it had received a non-binding indicative proposal from Brookfield Infrastructure until the last practicable day before the date of this Target's Statement.

12. The median is based on 12 broker valuations, dated from 17 February 2015 to 30 June 2015 and with a total range of A\$6.00 – 8.00 per Asciano Share. The valuations are calculated using discounted cash flow analysis, sum-of-the-parts discounted cash flow analysis and multiples sum-of-the-parts. All valuations were published prior to the announcement of Brookfield Infrastructure's interest in acquiring Asciano on 1 July 2015 and broker valuations may have been impacted by this or other factors in the period post 1 July 2015. Where research analysts have released multiple reports during the period, the most recent valuation has been included in the median calculation.

13. Based on the BIP Interest price of US\$37.67 per unit, as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015.

1. Reasons to accept the Offer (cont)

1.5 There are a number of risks that would be associated with being a minority Asciano Shareholder which you may be exposed to if you do not accept the Offer and the Offer becomes unconditional

The Offer has a 50.1% minimum acceptance condition. If the Brookfield Bidder and its Associates acquire at least 50.1% (on a fully diluted basis) but less than 90% of the Asciano Shares, then assuming all other conditions to the Offer are satisfied or waived, the Brookfield Bidder and its Associates would acquire a majority shareholding in Asciano.

In these circumstances, any Asciano Shareholder who does not accept the Offer risks becoming a minority shareholder in Asciano. This would have a number of possible implications, including:

- The Brookfield Bidder would be in a position to cast the majority of votes at a general meeting of Asciano. This would enable it to control the composition of the Asciano Board and senior management, determine Asciano's dividend policy and control the strategic direction of the business;
- The liquidity of Asciano Shares may be lower than at present, and there is a risk that Asciano could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity; and
- If the Brookfield Bidder subsequently acquires at least 90% of Asciano Shares, the Brookfield Bidder may become entitled to compulsorily acquire Asciano Shares of non-accepting Asciano Shareholders through the compulsory acquisition procedures in Part 6A of the Corporations Act. If this occurs, non-accepting Asciano Shareholders will be compelled to sell their Asciano Shares to the Brookfield Bidder but may not receive the consideration for some time.

Asciano Shareholders should note that there are also risks associated with accepting the Offer. Details of the risks associated with accepting and not accepting the Offer are contained in section 9 of the Bidder's Statement and Section 6 of this Target's Statement.

1.6 Asciano Shareholders may receive a fully franked Special Dividend of up to A\$0.90 per Asciano Share. This gives an additional benefit to certain Asciano Shareholders who are Australian tax residents

Asciano expects to pay a fully franked Special Dividend of up to A\$0.90 per Asciano Share as part of the Offer (subject to the Brookfield Bidder freeing the Offer from all defeating conditions and a favourable draft ATO Tax Ruling being obtained), potentially providing an additional benefit of up to approximately A\$0.386 per Asciano Share for Asciano Shareholders who can capture the full benefit of the franking credits.¹⁴ To the extent that a Special Dividend is paid, the cash component of the Offer Consideration will be reduced to account for the cash value of the Special Dividend.

The Special Dividend is expected to be announced shortly before the Offer becomes unconditional.

The value of franking credits will not be the same for all Asciano Shareholders. Whether an Asciano Shareholder is able to capture the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy the relevant 45-day "holding period rules".

By way of illustration, an Asciano Shareholder who is a superannuation fund with a marginal tax rate of 15% that is entitled to franking credits will receive a refundable tax credit of approximately A\$0.193 per Asciano Share as a result of the franking credits (assuming a dividend of A\$0.90 per Asciano Share is paid). See section 10 of the Bidder's Statement for further details regarding the tax implications of the Offer and the Special Dividend.

1.7 Asciano Shareholders have the opportunity to participate in the Combined Group

Asciano Shareholders who accept the Offer will be able to participate in the Combined Group, including the Asciano business via the receipt of BIP CDIs (unless any BIP CDIs to which they would have been entitled are sold by the Nominee – see section 12.7 of the Bidder's Statement).

In the section entitled "Why you should accept the Offer" in the Bidder's Statement, the Brookfield Bidder outlined a number of benefits of owning interests in the Combined Group. Some of these benefits include Asciano Shareholders receiving exposure to BIP's track record of delivering growth to securityholders, the enhanced geography and asset type diversification resulting from the transaction, the creation of a global ports and rail platform and gaining exposure to BIP's unique pipeline of growth opportunities.

Further detail regarding the Brookfield Bidder's intentions in relation to Asciano, the profile of the Combined Group, and risks of investment are set out in sections 7, 8 and 9 of the Bidder's Statement respectively.

14. Whether a shareholder is able to capture the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant holding period rules. See section 10 of the Bidder's Statement for further details.

1. Reasons to accept the Offer (cont)

1.8 If the Offer or Scheme does not proceed, and no Superior Proposal emerges, the price of Asciano Shares is likely to fall

As at the date of this Target's Statement, no offer has emerged that the Asciano Board considers to be a Superior Proposal.

After market close on 9 November 2015, Asciano received a conditional, indicative and non-binding proposal from the Qube Consortium, to acquire all of the Asciano Shares not already owned by the Qube Consortium at an implied value of A\$9.25 per Asciano Share.

The Proposal was subject to, amongst other things, due diligence. On 16 November 2015, the Asciano Board announced that it had decided to grant due diligence to the Qube Consortium subject to the agreement of appropriate confidentiality agreements. The Qube Consortium commenced due diligence investigations on 20 November 2015.

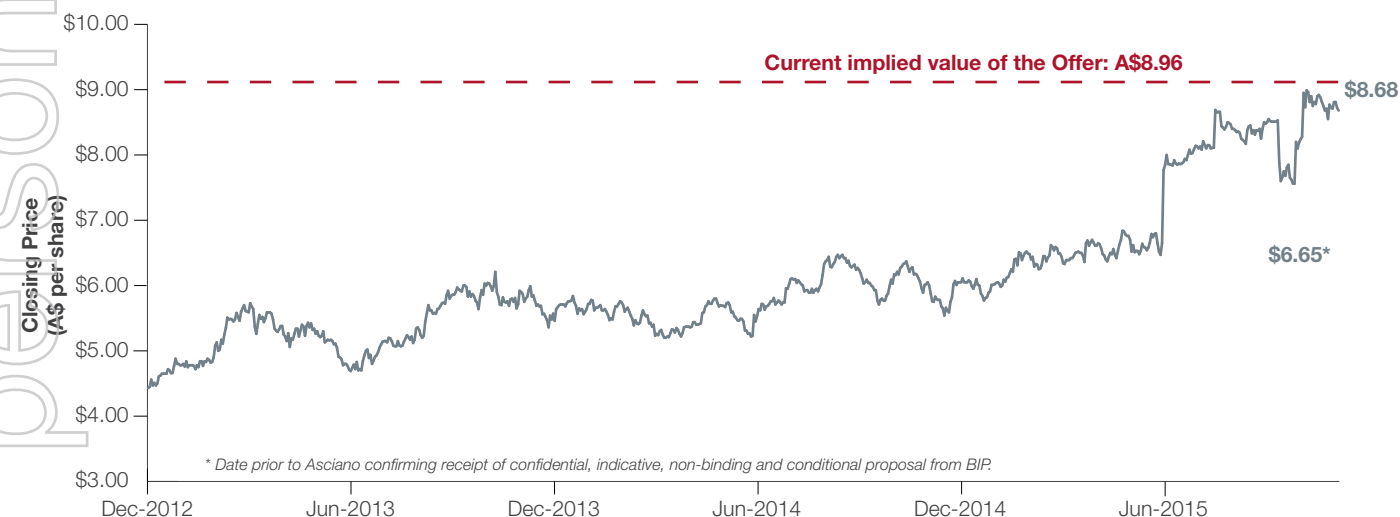
As noted, the Qube Proposal is conditional, indicative and non-binding and there is no certainty that any binding proposal capable of acceptance will emerge. In particular, in addition to being subject to due diligence, the Qube Proposal is conditional on execution of an implementation deed, which would include certain regulatory approvals (including FIRB and the New Zealand Overseas Investment Office ("OIO")), material third party consents and no prescribed occurrences having occurred. The ACCC has announced that it is conducting market enquiries into the Qube Proposal and published its market enquiries letter on 7 December 2015.

The ACCC's proposed decision date in relation to the Qube Proposal is 18 February 2016 (this may be a final decision, or the release of a Statement of Issues). Asciano Shareholders should be aware that there remains the possibility that the Qube Consortium may make a Superior Proposal prior to the close of the Offer Period. The Asciano Board will continue to keep the market informed of any material developments.

If the Takeover Transaction or Scheme Transaction does not proceed or the Offer closes without proceeding to compulsory acquisition, and no alternative proposal emerges, Asciano Shares will remain quoted on the ASX and will continue to be subject to market volatility, including as a result of general stock market movements and the impact of general economic conditions. As such, it is likely that the price at which Asciano Shares trade will fall. Further, there are risks associated with continuing to be an Asciano Shareholder. See section 9 of the Bidder's Statement for further information.

Over the three years prior to 30 June 2015, closing prices of Asciano Shares have been between a high of A\$6.84 per Asciano Share on 25 May 2015 and a low of A\$4.16 per Asciano Share on 25 July 2012. On 30 June 2015, the last trading day prior to Asciano confirming to the ASX that it had received a conditional, indicative and non-binding proposal from Brookfield Infrastructure, the Asciano Share price closed at A\$6.65 per Asciano Share.

Asciano three year share price performance¹⁵



15. Market data as at 9 December 2015. Current implied value of the Offer is approximately A\$8.9597 per Asciano Share as at 9 December 2015, based on the BIP Interest price of US\$37.67 per BIP Interest as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 as quoted at 8:00am on 10 December 2015.

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2. Reasons why you may not accept the Offer

2. Reasons why you may not accept the Offer

2.1 You may disagree with your Directors' recommendation or the conclusion of the Independent Expert

Notwithstanding the unanimous recommendation of the Directors and the Independent Expert's opinion that the Offer is fair and reasonable in the absence of a Superior Proposal, you may disagree.

2.2 You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future

As at the date of this Target's Statement, no offer has emerged that the Asciano Board consider to be a Superior Proposal. However, as described in Section 1.8 above, there remains the possibility that the Qube Consortium may make a Superior Proposal prior to the close of the Offer Period.

If a Superior Proposal is announced, Asciano Shareholders who have accepted the Offer will not be able to withdraw their acceptance and/or to accept a Superior Proposal unless the Offer is subject to a defeating condition and the Brookfield Bidder varies the Offer in a way that postpones for more than one month the time when the Brookfield Bidder has to meet its obligations under the Offer, the Offer is withdrawn, the Offer Period ends without the Offer becoming unconditional or (at the time of withdrawal) the FIRB Condition remains unsatisfied.

As set out in section 11.2 of the Bidder's Statement, under the Implementation Deed, Asciano is bound by customary exclusivity obligations, including in relation to alternative proposals.

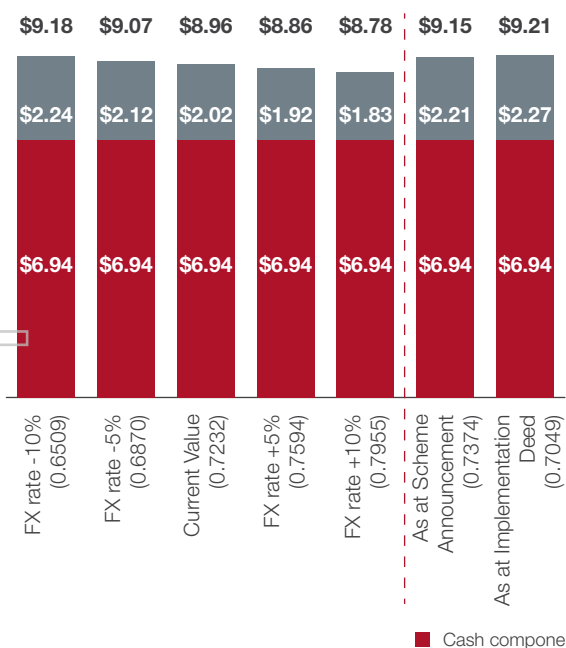
2.3 The value of the Offer Consideration is not certain

If the Offer becomes unconditional, Asciano Shareholders will receive cash of A\$6.9439 (reduced by the cash value of any Special Dividend paid) and 0.0387 BIP CDIs per Asciano Share. The value of BIP CDIs received by Asciano Shareholders will depend on the price at which BIP CDIs trade on the ASX.

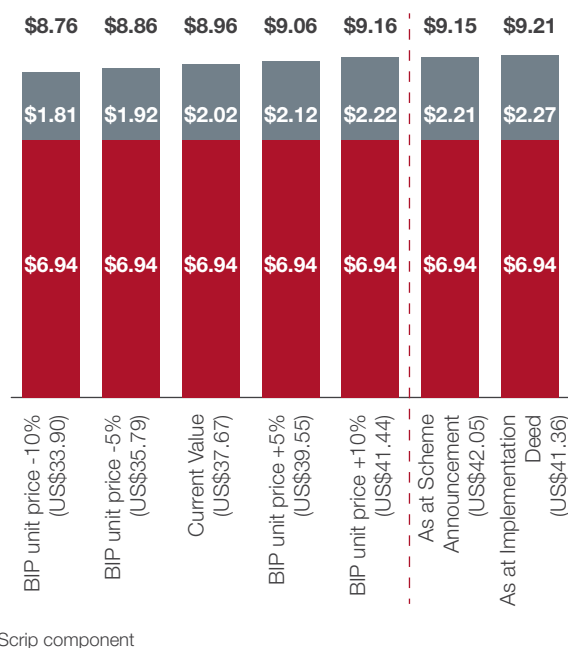
The implied value of the BIP CDIs that will be received by Asciano Shareholders will vary over time depending on the prevailing value of a BIP Interest and the AUD/USD exchange rate.

The charts below represent the impact on the implied value of the Offer Consideration of movements in exchange rates and movements in the value of BIP CDIs (for the purposes of these charts the value of BIP CDIs is assumed to be consistent with the value of the underlying BIP Interests).

Impact from movements in the value of AUD/USD exchange rate (BIP Interests constant at US\$37.67/unit) in AUD¹⁶



Impact from movements in the value of BIP Interests (AUD/USD constant at 0.7232) in AUD¹⁷



16. Sensitivities based on the BIP Interest price of US\$37.67 per unit as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 quoted at 8:00am on 10 December 2015 being the last practicable trading day prior to the date of this Target's Statement. Chart reflects sensitivity to AUD/USD exchange rate while holding BIP Interest price constant. 'As at Scheme Announcement' and 'As at Implementation Deed' cases represent the implied value of the Offer Consideration at points in time including the BIP Interest price and the AUD/USD exchange rate; they are not sensitivities.

17. Sensitivities based on the BIP Interest price of US\$37.67 per unit as at NYSE close on 9 December 2015 and the AUD/USD exchange rate of 0.7232 quoted at 8:00am on 10 December 2015 being the last practicable trading day prior to the date of this Target's Statement. Chart reflects sensitivity to BIP Interest price while holding AUD/USD exchange rate constant. 'As at Scheme Announcement' and 'As at Implementation Deed' cases represent the implied value of the Offer Consideration at points in time including the BIP Interest price and the AUD/USD exchange rate; they are not sensitivities.

2. Reasons why you may not accept the Offer (cont)

The price of BIP CDIs may rise or fall based on market conditions, foreign exchange movements and Brookfield Infrastructure's financial and operational performance. If the price of BIP CDIs fall or increase, the value of the BIP CDIs received as Offer Consideration will move correspondingly.

Further, in circumstances where Asciano Shareholders do not intend to continue to hold their BIP CDIs, and sell on-market, there is a risk that this may adversely impact the price of BIP CDIs.

2.4 Becoming a holder of BIP CDIs will change the profile of your investment

An Asciano Shareholder may wish to maintain an investment in Asciano in order to have an investment with the specific characteristics of Asciano in terms of industry, operational profile, capital structure, size and geography, amongst other things. As set out in section 3 of the Bidder's Statement, the characteristics of the BIP CDIs which Asciano Shareholders will receive in the Combined Group will be different to Asciano's existing profile.

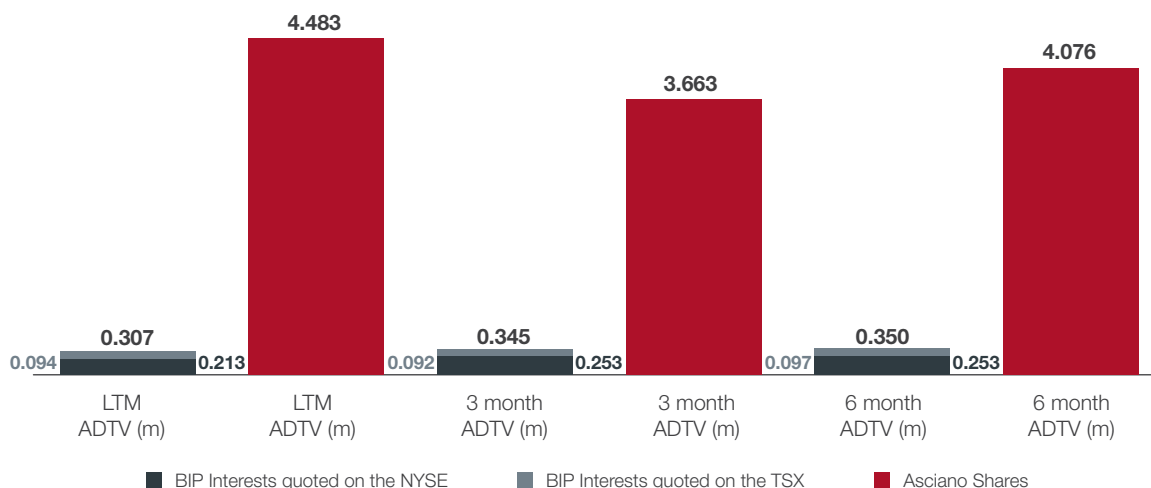
2.4.1 Change in listing and liquidity

Asciano is an ASX listed, public limited liability company, domiciled in Australia. In contrast, BIP has a listing on the NYSE and TSX and expects to receive a foreign exempt listing on the ASX for the BIP CDIs.

Asciano is currently included in relevant S&P/ASX indices, including the S&P/ASX 100 and the S&P/ASX 200. BIP CDIs received as part of the Offer Consideration will need to satisfy relevant eligibility criteria, including size and liquidity, like any other listed entity, before qualifying for inclusion in relevant S&P/ASX indices.

Relative to BIP, Asciano is currently a highly liquid stock. Trading volumes in BIP Interests on the NYSE and TSX are significantly lower in absolute terms and to a lesser extent, lower in U.S. dollar terms. BIP CDIs listed on the ASX may have lower liquidity than Asciano Shares currently have.

Asciano Historical Liquidity (m)¹⁸ and BIP Historical Liquidity (m)^{19 20}



18. Trading volumes taken up to and including 30 June 2015, being the day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield Infrastructure. Trading volumes exclude public holidays and other non-trading days.

19. Trading volumes taken up to and including 30 June 2015, being the day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield Infrastructure. Trading volumes exclude public holidays and other non-trading days.

20. "LTM ADTV" means average daily trading volume of Asciano Shares or BIP Interests (as relevant) over the 12 month period leading up to and including 30 June 2015. "3 month ADTV" means average daily trading volume of Asciano Shares or BIP Interests (as relevant) over the 3 month period leading up to and including 30 June 2015. "6 month ADTV" means average daily trading volume of Asciano Shares or BIP Interests (as relevant) over the 6 months period leading up to and including 30 June 2015.

2. Reasons why you may not accept the Offer (cont)

2.4.2 Change in foreign currency exposure

The Combined Group will have operations in multiple geographical jurisdictions exposing it to foreign currency risk across those jurisdictions. The Combined Group will therefore have a different foreign currency exposure to Asciano on a standalone basis.

2.4.3 Change in leverage

The Combined Group will have a different leverage profile. Asciano had reported leverage of 2.7x net debt to EBITDA as at 30 June 2015. BIP operates its business at significantly higher leverage to Asciano's historical level. Brookfield Infrastructure had reported leverage of 5.5x proportionate net debt to Adjusted EBITDA as at 30 June 2015. Refer to section 8.4 of the Bidder's Statement for more detail on the Combined Group's pro forma financial information.

2.4.4 Change in entity and corporate structure

There are many significant differences between Asciano and BIP. Asciano is an Australian domiciled, public limited liability company. In contrast, BIP is a Bermudan domiciled, exempted limited partnership. A number of the differences in structure may be considered to be adverse from the perspective of Asciano Shareholders including the following:

- **Internal vs external management:** Asciano is internally managed with a board of Directors elected by its shareholders, who have certain fiduciary duties to Asciano Shareholders. BIP is externally managed by its general partner BIP GP, a subsidiary of BAM. Holders of BIP CDIs cannot remove BIP GP or appoint or remove directors from the board of BIP GP even if they are unsatisfied with the performance of BIP;
- **Fiduciary obligations:** Directors of Asciano owe certain fiduciary duties to Asciano Shareholders. BIP GP does owe duties to holders of BIP Interests under applicable laws. However, to the extent that fiduciary duties are owed, they have been modified under the applicable partnership agreements in a way that restricts the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permits conflicts of interest to be resolved in a manner that may not in all cases be in the best interest of BIP or the best interests of holders of BIP Interests;
- **Rights and protections:** The rights and protections for holders of BIP Interests (which are afforded under foreign laws with which Asciano Shareholders are likely to be unfamiliar) are significantly different from the rights and protections afforded to shareholders in an ASX listed company and may offer significantly lower levels of protection. Whilst some of the protections under the ASX Listing Rules will apply by virtue of the BIP CDIs receiving an ASX foreign exempt listing, these are limited. For example, BIP GP cannot be removed as general partner of BIP by holders of BIP Interests and anti-dilution protections are significantly weaker. Further detail regarding the anti-dilution protections are set out in section 3.14 of the Bidder's Statement;
- **Reduced premium for control:** Under the Limited Partnership Agreement, holders of BIP Interests are not entitled to vote on matters relating to BIP, such as acquisitions, dispositions or financing, or to participate in the management or control of BIP. In addition, as mentioned above, holders of BIP Interests cannot cause a change in management.
As a result, unlike holders of Asciano Shares, holders of BIP Interests and BIP CDIs are not able to influence BIP's direction, including its policies and procedures, or to cause a change in its management.
Consequently, holders of BIP Interests and BIP CDIs may be deprived of an opportunity to receive a premium for their BIP Interests and BIP CDIs in the future through a sale of BIP and the trading price of BIP Interests and BIP CDIs may be adversely affected by the absence or a reduction of a takeover premium in the trading price; and
- **Reduced related party protections:** There are significant related party payments made by Brookfield Infrastructure including paying a quarterly fee for management services, calculated as 0.3125% (1.25% annually) of BIP's market value²¹ (see section 3.12 of the Bidder's Statement) and in certain circumstances incentive distributions are payable by BILP (see section 3.11 of the Bidder's Statement). In contrast, for a related party payment to be made under the current Asciano structure, shareholder approval would be required in certain circumstances under chapter 2E of the Corporations Act and/or ASX listing rule 10.1.

Further details regarding the BIP structure are set out in section 3 of the Bidder's Statement.

21. Market value is adjusted to add certain debt and subtract certain cash.

2. Reasons why you may not accept the Offer (cont)

2.5 The tax consequences of the Offer may not suit your current financial position

Acceptance of the Offer will have tax consequences for Asciano Shareholders. Some of the Australian tax consequences that may arise as a result of the Offer (amongst others) are outlined below.

A taxable gain might be realised from the disposal of Asciano Shares. Further, no Australian capital gains tax rollover will be available for Asciano Shareholders in relation to the scrip component of the Offer Consideration in respect of any gain realised on the disposal of Asciano Shares.

Consequently, Asciano Shareholders will need to fund any tax liability associated with the capital gains tax attributable to the scrip consideration from other (cash) sources. The Special Dividend might also result in a tax liability depending on individual tax circumstances.

The tax treatment of a BIP distribution received by Asciano Shareholders in respect of their BIP CDIs following the acquisition by the Brookfield Bidder of Asciano Shares under the Offer may vary depending on the nature and characteristics of each Asciano Shareholder and their specific circumstances. Accordingly, Asciano Shareholders should seek professional tax advice in relation to their particular circumstances. Depending on the future financial position of BIP, Asciano Shareholders may receive distributions from BIP following the acquisition by the Brookfield Bidder of Asciano Shares under the Offer. These distributions should generally be treated as unfranked dividends for Australian income tax purposes. Although Asciano Shareholders will not be entitled to any franking credits for distributions from BIP, Asciano Shareholders may be entitled to an Australian foreign income tax offset against the Australian tax payable on assessable dividends for any foreign income tax withheld by BIP. Asciano Shareholders should seek independent advice in relation to their entitlement to foreign income tax offsets in respect of distributions received on BIP CDIs following the Takeover Transaction.

For further detail regarding general Australian tax consequences of the Takeover Transaction, refer to section 10 of the Bidder's Statement. The tax treatment may vary depending on the nature and characteristics of each Asciano Shareholder and their specific circumstances. Accordingly, Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.

2.6 Conditionality of the Offer

The Offer is subject to a number of conditions which are set out in section 12.8 of the Bidder's Statement.

One condition requires that the Brookfield Bidder receives informal merger clearance in respect of the acquisition of Asciano Shares from the ACCC ("**ACCC Condition**"). As disclosed in section 11.4 of the Bidder's Statement, the Brookfield Bidder filed for an informal review of the Scheme on 31 July 2015. A Statement of Issues was released by the ACCC on 15 October 2015 setting out the ACCC's concerns with a BIP acquisition of Asciano.

The ACCC's indicative timeline published on its website states that its final decision in relation to the Offer is expected to be made on 17 December 2015.

On 26 November 2015, the ACCC announced that it does not propose to release the draft undertakings that had been proposed by Brookfield Infrastructure to address the ACCC's concerns set out in its Statement of Issues.

Accordingly, it is not at this stage clear if the ACCC Condition will be satisfied as set out in the Bidder's Statement. As set out in the Bidder's Statement, Brookfield Infrastructure is considering other options including structural undertakings to address the ACCC's concerns. Asciano will continue to work with Brookfield Infrastructure to address any concerns, ahead of the ACCC's expected announcement date.

If any condition is not satisfied or waived prior to the end of the Offer Period, then the Offer will lapse and all acceptances that have not resulted in binding contracts will be void. Prior to that time, any Asciano Shareholder that has accepted the Offer will not be able to sell their Asciano Shares or otherwise deal with the Rights attaching to those shares, subject to limited rights to withdraw acceptances. In particular, withdrawals are possible:

- at any time before the FIRB Condition is satisfied;²² or
- if the Offer is subject to a defeating condition and the Brookfield Bidder varies the Offer in a way that postpones for more than one month the time when the Brookfield Bidder has to meet its obligations under the Offer.

Accordingly, to preserve flexibility, Asciano Shareholders may take the view that they should not accept the Offer until after the ACCC Condition is satisfied.

22. See section 7.8 of this Target's Statement for further information.

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3.

Frequently asked questions



3. Frequently asked questions

This Section 3 answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Asciano Shareholders. This Section 3 should be read together with the Bidder's Statement and this Target's Statement.

	Question	Answer
1	Background and the Offer at a glance	
1.1	What is the Offer?	<p>Under the terms of the Offer, Asciano Shareholders will be entitled to receive the following in respect of each Asciano Share:</p> <ul style="list-style-type: none"> • Cash consideration: cash of A\$6.9439 (reduced by the cash value of any Special Dividend paid);²³ and • Scrip consideration: 0.0387 BIP CDIs. <p>Asciano expects to pay a fully franked Special Dividend of up to A\$0.90 per Asciano Share as part of the Offer (subject to the Brookfield Bidder freeing the Offer from all defeating conditions and a favourable draft ATO Tax Ruling being obtained), potentially providing an additional benefit of up to approximately A\$0.386 per Asciano Share for Asciano Shareholders who can capture the full benefit of the franking credits.²⁴ To the extent that a Special Dividend is paid, the cash component of the Offer Consideration will be reduced to account for the cash value of the Special Dividend.</p> <p>If you are an Ineligible Foreign Shareholder, please see FAQ 3 as to what will occur under the Offer.</p>
1.2	What do your Directors recommend?	<p>Your Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal.</p> <p>Each Director intends to accept the Offer for any Asciano Shares owned or controlled by them, in the absence of a Superior Proposal.</p> <p>The reasons for the Directors' recommendation and other matters that you may wish to consider are outlined in Sections 1 and 2 of this Target's Statement.</p> <p>Your Directors are recommending both the Scheme and the Offer because they believe that either one is in the interests of Asciano Shareholders, in the absence of a Superior Proposal.</p>
1.3	What is the Independent Expert's conclusion?	<p>The Independent Expert has concluded that the Offer is fair and reasonable, in the absence of a Superior Proposal.</p>
1.4	What are the conditions to the Offer?	<p>The conditions of the Offer are set out in section 12.8 of the Bidder's Statement.</p> <p>Amongst other conditions, the Offer is conditional on the Brookfield Bidder and its Associates having a Relevant Interest in at least 50.1% of Asciano Shares (on a fully diluted basis), ACCC and FIRB approval, and Asciano Shareholders at a Scheme Meeting not agreeing to the Scheme by the Requisite Majorities.</p>
1.5	When will the Offer become unconditional?	<p>The Offer becomes unconditional when either all of the conditions are satisfied or the Brookfield Bidder gives a notice to Asciano declaring the Offer to be free of defeating conditions. This notice will also be given to ASX.</p>
1.6	What happens if I accept the Offer and the conditions are not satisfied?	<p>If the Offer conditions are not satisfied and the Brookfield Bidder has not waived the conditions by the end of the Offer Period, your acceptance of the Offer will be void and of no effect whatsoever. You will then be free to deal with your Asciano Shares in another way.</p> <p>If the Offer conditions are satisfied or waived before the end of the Offer Period, you will be paid or provided the Offer Consideration by the Brookfield Bidder.</p> <p>Even where the Offer remains conditional, you cannot withdraw your acceptance before the end of the Offer Period except in limited circumstances set out in FAQ 1.9.</p>

23. See section 10 of the Bidder's Statement for further details.

24. Whether a shareholder is able to capture the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant holding period rules. See section 10 of the Bidder's Statement for further details.

3. Frequently asked questions (cont)

	Question	Answer
1.7	When will I receive the Offer Consideration?	<p>If you accept the Offer and the Offer becomes unconditional, the Brookfield Bidder will pay or provide you the consideration under the Offer by the earlier of:</p> <ul style="list-style-type: none"> • one month after the later of the Offer being validly accepted by you and the date on which the Offer becomes unconditional; and • 21 days after the end of the Offer Period. <p>It is uncertain if and when the Offer will become unconditional.</p> <p>Ineligible Foreign Shareholders will need to wait longer. See the information in section 12.7 of the Bidder's Statement for further details.</p>
1.8	What are the consequences of accepting the Offer now?	<p>Once you accept the Offer in respect of all of your Asciano Shares you will not be able to sell those Asciano Shares or otherwise deal with the rights attaching to those Asciano Shares, subject to your rights to withdraw your acceptance in limited circumstances set out in FAQ 1.9.</p>
1.9	In what circumstances can I withdraw my acceptance?	<p>You will only be able to withdraw your acceptance in limited circumstances.</p> <p>In particular, withdrawals are possible:</p> <ul style="list-style-type: none"> • at any time before the FIRB Condition is satisfied; or • if the Offer is subject to a defeating condition and the Brookfield Bidder varies the Offer in a way that postpones for more than one month the time when the Brookfield Bidder has to meet its obligations under the Offer.
1.10	When does the Offer Period close?	<p>The Offer Period is currently scheduled to close on 11 January 2016 at 7:00pm (Sydney time), unless extended.</p>
1.11	Can the Offer Period be extended?	<p>Whilst the Offer remains conditional, the Brookfield Bidder may extend the Offer Period before it lodges the notice of status of conditions (which must be lodged on or before 4 January 2016). However, if the Offer is unconditional, the Brookfield Bidder may extend the Offer Period at any time before the end of the Offer Period whether or not it has already given the notice of status of conditions. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 7.5 of this Target's Statement.</p>
1.12	How does the Offer affect the Scheme?	<p>The Offer is subject to Asciano Shareholders at the Scheme Meeting not agreeing to the Scheme by the Requisite Majorities.</p> <p>If you accept the Offer and Asciano Shareholders at the Scheme Meeting agree to the Scheme by the Requisite Majorities and all other conditions to the Scheme are met, you will be entitled to receive the consideration under the Scheme as set out in the Scheme Booklet. The Offer Consideration is the same as the Standard Consideration offered under the Scheme.</p> <p>If the Asciano Shareholders at the Scheme Meeting do not agree to the Scheme by the Requisite Majorities, and you accept this Offer, you will receive the Offer Consideration if the Offer becomes unconditional.</p>
1.13	How will entitlements to a Small Parcel of BIP CDIs be treated under the Offer?	<p>Unless the Brookfield Bidder determines otherwise in its absolute discretion, BIP CDIs to which Accepting Shareholders (other than Ineligible Foreign Shareholders) would be entitled where the number of BIP CDIs to which that Accepting Shareholder is entitled is a Small Parcel, will be sold by the Nominee as described in section 12.7 of the Bidder's Statement and the proceeds of sale will be remitted to the Accepting Shareholder by cheque in Australian dollars as drawn on an Australian bank account.</p>
2	Recommendations	
2.1	What do your 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 is detailed in Section 1. The reasons why you may not accept the Offer are detailed in Section 2.</p>
2.2	What do the Directors intend to do with their Asciano Shares?	<p>Each Director intends to accept the Offer for any Asciano Shares owned or controlled by them, in the absence of a Superior Proposal.</p>

3. Frequently asked questions (cont)

	Question	Answer
2.3	What is the opinion of the Independent Expert?	<p>The Independent Expert has concluded that the Offer is FAIR AND REASONABLE, in the absence of a Superior Proposal, based on the assessed valuation range of A\$8.42 – A\$9.40 and the assessed value of the Offer of A\$8.93 – A\$9.27.</p> <p>The Supplementary Independent Expert's Report is included in Annexure A of this Target's Statement and the Directors encourage you to read the report in its entirety.</p>
3	Ineligible Foreign Shareholders	
3.1	What is an Ineligible Foreign Shareholder?	<p>An Asciano Shareholder is an Ineligible Foreign Shareholder for the purpose of the Offer if their address as shown in the Asciano Register, is:</p> <ul style="list-style-type: none"> • in a jurisdiction other than Australia or its external territories, Canada or New Zealand; or • in the United States (or where the Brookfield Bidder has reasonable grounds to believe is holding shares for the benefit of a person whose address is in the United States). <p>However, such a person will not be a Ineligible Foreign Shareholder if the Brookfield Bidder is satisfied that:</p> <ul style="list-style-type: none"> • it is not legally or practically constrained from making the Offer to an Asciano Shareholder in the relevant jurisdiction or from issuing BIP CDIs to such a shareholder on acceptance of the Offer; and • it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction.
3.2	How will an Ineligible Foreign Shareholder be treated under the Offer?	<p>An Ineligible Foreign Shareholder will not be entitled to receive BIP CDIs.</p> <p>Unless the Brookfield Bidder determines otherwise in its absolute discretion, any BIP CDIs to which they would be entitled, but for the fact that they are an Ineligible Foreign Shareholder, will be issued to and sold by the Nominee as described in section 12.7 of the Bidder's Statement and the proceeds of sale will be remitted to Ineligible Foreign Shareholders by cheque in Australian dollars drawn on an Australian bank account.</p>
4	Your choices	
4.1	What choices do I have as an Asciano Shareholder?	<p>As an Asciano Shareholder you have the choice to:</p> <ul style="list-style-type: none"> • accept the Offer for all of your Asciano Shares; • sell your Asciano Shares on ASX (unless you have previously accepted the Offer and have not validly withdrawn your acceptance), which may be at a higher or lower price than the Offer Consideration; or • choose not to accept the Offer, in which case you do not need to take any action. <p>Asciano Shareholders should carefully consider the Directors' recommendation and other important issues set out in this Target's Statement.</p>
4.2	How do I accept the Offer?	To accept the Offer, you must follow the instructions in section 12.3 of the Bidder's Statement or the instructions on the Acceptance Form attached to the Bidder's Statement.
4.3	Can I accept the Offer for only part of my holding?	No, you can only accept the Offer for all of your Asciano Shares.
4.4	How do I reject the Offer?	To reject the Offer, you do not need to do anything.
4.5	When do I have to make a decision?	If you wish to follow the Directors' recommendation and accept the Offer, you must do this before the scheduled close of the Offer Period. The Brookfield Bidder has stated that the Offer remains open until 7:00pm on 11 January 2016. It is possible that the Brookfield Bidder may choose to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances.
5	Other	
5.1	What is the Bidder's Statement?	<p>The Bidder's Statement is the document prepared by the Brookfield Bidder containing the terms of the Offer in detail and information important to your decision on whether to accept or reject the Offer.</p> <p>You should have received the Bidder's Statement before this Target's Statement. If you do not have a copy, a copy of the Bidder's Statement can be found on Asciano's ASX announcements platform.</p>

3. Frequently asked questions (cont)

	Question	Answer
5.2	What is the Target's Statement?	This Target's Statement has been approved by the Directors of Asciano and provides Asciano's response to the Offer.
5.3	What will happen if the Brookfield Bidder raises its Offer Price?	If the Brookfield Bidder raises the Offer Consideration under the Offer, all Asciano Shareholders (whether or not they have accepted the Offer before that occurs) will be entitled to the benefit of the increased Offer Price. However, this improvement in Offer Consideration would not be available to Asciano Shareholders who have already sold their Asciano Shares on ASX.
5.4	What happens if I accept the Offer and a Superior Proposal is made for my Shares after I accept?	If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances set out in FAQ 1.9. Accordingly, if you accept the Offer, you may be unable to accept a Superior Proposal if one arises.
5.5	Can I be forced to sell my Asciano Shares under the Offer?	You cannot be forced to sell your Asciano Shares unless the Brookfield Bidder proceeds to compulsory acquisition of Asciano Shares. The Brookfield Bidder will need to hold at least 90% of Asciano Shares (under the Offer or otherwise) in order to exercise compulsory acquisition rights.
5.6	What are the tax implications of accepting the Offer?	There will be tax consequences for Asciano Shareholders whom accept the Offer, which may include tax being payable on any gain on disposal of Asciano Shares. For further detail regarding general Australian tax consequences of the Takeover Transaction, refer to section 10 of the Bidder's Statement for more information. The tax treatment may vary depending on the nature and characteristics of each Asciano Shareholder and their specific circumstances. Accordingly, Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.
5.7	Can I sell my Asciano Shares on market?	You can sell your Asciano Shares on market unless you have accepted the Offer in respect of those Asciano Shares. If you sell your Asciano Shares on market: <ul style="list-style-type: none">• you will not benefit from any possible increase in the value of Asciano Shares;• you will not receive the Special Dividend (if you sell before the Special Dividend Record Date); and• you will not benefit from any possible increase in the consideration that may be provided under the Offer or any other offer, should one be made.
5.8	How can I get updates on the Asciano Share price?	If you have access to the internet, you can receive updates by visiting the ASX website at www.asx.com.au .
5.9	Who should I call if I have any questions?	Asciano has established a Shareholder Information Line for Asciano Shareholders in relation to the Offer. The telephone number is 1300 729 310 (within Australia), and +61 3 9415 4608 (outside of Australia). It is available Monday to Friday between 9.00am and 5.00pm (EST). Announcements made to ASX by Asciano and other information relating to the Offer can be obtained from Asciano's website at http://www.asciano.com.au/ .
5.10	What are the prospects of a Superior Proposal arising?	As at the date of this Target's Statement, no offer has emerged that the Asciano Board considers to be a Superior Proposal. On 30 October 2015, the Qube Consortium announced that it had acquired an aggregate Relevant Interest of 19.99% of Asciano Shares. After market close on 9 November 2015, Asciano received a conditional, indicative and non-binding proposal from the Qube Consortium, to acquire all of the Asciano Shares not already owned by the Qube Consortium at an implied value of A\$9.25 per Asciano Share. The Proposal was subject to, amongst other things, due diligence. On 16 November 2015, the Asciano Board announced that it had decided to grant due diligence to the Qube Consortium subject to the agreement of appropriate confidentiality agreements. The Qube Consortium commenced due diligence investigations on 20 November 2015. As noted, the Qube Proposal is conditional, indicative and non-binding and there is no certainty that any binding proposal capable of acceptance will emerge. However, there remains the possibility that the Qube Consortium may make a Superior Proposal prior to the close of the Offer Period. The Asciano Board will continue to keep the market informed of any material developments.

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4. Directors' review of the Offer and recommendation

4. Directors' review of the Offer and recommendation

4.1 Directors of Asciano

The Directors of Asciano as at the date of this Target's Statement are:

Name	Position
Malcolm Broomhead	Chairman
John Mullen	CEO and Managing Director
Chris Barlow	Independent Non-Executive Director
Robert Edgar	Independent Non-Executive Director
Peter George	Independent Non-Executive Director
Shirley In't Veld	Independent Non-Executive Director
Geoff Kleemann	Independent Non-Executive Director
Ralph Waters	Independent Non-Executive Director

4.2 Recommendation and intentions

In assessing the Offer your Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), the Directors believe that the Offer Consideration, being:

- **Cash consideration:** cash of A\$6.9439 (reduced by the cash value of any Special Dividend paid); and
- **Scrip consideration:** 0.0387 BIP CDIs,

per Asciano Share represents fair value for your Asciano Shares.

Each of your Directors recommends that you ACCEPT the Offer in the absence of a Superior Proposal.

The Directors intend to accept the Offer in respect of all Asciano Shares owned or controlled by them in the absence of a Superior Proposal. Those Directors (and their Associates) collectively hold 805,441 Asciano Shares, representing 0.083% of the Asciano Shares (see Section 8 for more information on the respective shareholdings of the Directors).

Your Directors are recommending both the Scheme and the Offer because they believe that either one is in the interests of Asciano Shareholders, in the absence of a Superior Proposal.

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5. Information on Asciano Group



5. Information on Asciano Group

5.1 Overview of Asciano

Asciano is one of Australia's largest national rail freight and port operators. Asciano's strategic objective is to be Australia's leading provider of critical logistics services within essential infrastructure based supply chains.

Asciano occupies all major segments of the import/export and domestic supply chains to offer a diverse freight mix service offering.

For the year ended 30 June 2015, Asciano reported sales revenue of approximately A\$3.8 billion, EBITDA of approximately A\$1.1 billion and underlying NPAT after minority interests of approximately A\$415 million.²⁵

5.2 Directors and key management

As at the date of this Target's Statement, there are 8 Directors of Asciano as described in Section 4 of this Target's Statement.

As at the date of this Target's Statement, the senior leadership team includes those in key management positions in the table below:

Name	Position
John Mullen	CEO and Managing Director
Roger Burrows	Chief Financial Officer
Alexandra Badenoch	Director, Human Resources, Corporate Affairs and Customer
Saul Cannon	Director, Strategy and Business Development
David Irwin	Director, Pacific National
Murray Vitlich	Director, Patrick
Lyndall Stoyles	Group General Counsel and Company Secretary

5.3 History, structure and ownership of Asciano Group

(a) History

Asciano was first listed on the ASX on 6 June 2007, however its history goes back much further than that. Asciano, or TNT Australia rail as it was then, was incorporated in 1996. In 1997, Toll bought the operating rights to the Port of Geelong and acquired TNT Australia rail in the process. In 2007, Toll restructured into two ASX listed companies, Toll and Asciano. In the following years, Asciano developed its capacity to deliver end-to-end supply chain solutions. In 2008, Asciano signed a significant coal haulage contract with Rio Tinto Coal Australia and Xstrata Coal.

In 2012, Asciano bought out the remaining 50% of C3 Limited, a provider of forestry services and port capabilities throughout Australia and New Zealand. Asciano also acquired an additional 20% in Port of Geelong, increasing its investment to 50%. In 2013, Asciano expanded its services when it acquired Newcastle based integrated logistics solutions provider, Mountain Industries. Most recently:

- in 2014, Asciano merged Pacific National Rail and Pacific National Coal into one division;
- in July 2015, Asciano merged the Patrick Terminals & Logistics business with the Bulk, Automotive and Port Services business into one division; and
- in August 2015, Asciano transferred its Patrick metro logistics business into a joint venture with ACFS.

Presently, Asciano is Australia's only integrated rail, ports, stevedoring and landside logistics business.

(b) Structure

Asciano is managed and controlled by a board of directors and a senior leadership team, comprising those in key management positions (see Section 5.2). The CEO confers with the board of directors on strategy and delegates authority amongst the senior leadership team. The senior leadership team's role is to implement the board's strategy through the management of Asciano's operations. The board of directors is accountable to Asciano Shareholders, who are the owners of Asciano.

25. Pre material items of A\$55.1 million post tax.

5. Information on Asciano Group (cont)

(c) Ownership

The substantial shareholders of Asciano, based on substantial shareholder notices with the ASX, as at 9 December 2015, the last practicable trading day prior to the date of this Target's Statement, are as follows:

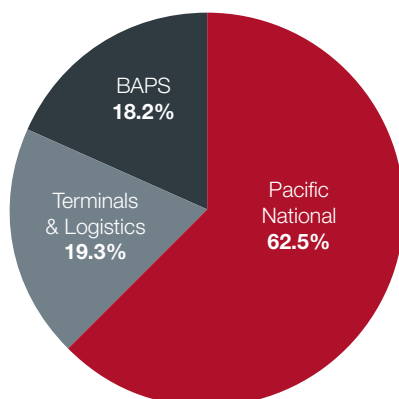
Name	Number of Asciano Shares in which a Relevant Interest is held	% of Asciano Shares
Qube Holdings Limited, Global Infrastructure Management Participation, LLC and GIM Participation Fund Holding GP, Limited	194,979,591	19.99%
GIC Pte Ltd, GIC Special Investments Pte Ltd, Buckland Investment Pte Ltd and Devonshire Investment Pte Ltd, GIC (Ventures) Pte Ltd, GIC Infra Holdings Pte Ltd and their associates	190,832,856	19.56%
bclMC and bclMC group entities	188,543,574	19.33%
BIP, Brookfield Bidder and each of the entities that comprise Brookfield Infrastructure Fund II, BIG Holdings LP and each other member of BAM group entities	188,543,574	19.33%
UBS Group AG and its related bodies corporate	88,423,912	9.07%

5.4 Principal activities of Asciano

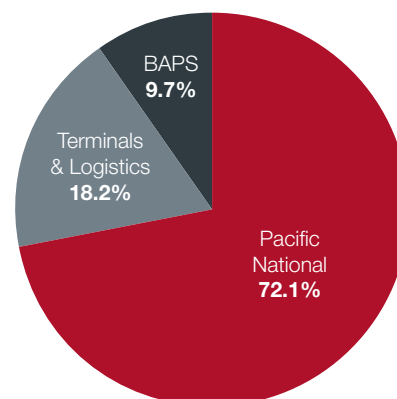
Asciano's activities are divided into three reportable segments: Pacific National, Terminals and Logistics and Bulk Automotive Port Services ("**BAPS**")

Terminals & Logistics and Bulk & Automotive Port Services (BAPS)

FY15 Revenue Split by Division²⁶



FY15 EBITDA Split by Division²⁷



A brief description of each is provided below.

(a) Pacific National

Pacific National consists of two broad business activities, National Intermodal freight haulage and Bulk Haulage.

The National Intermodal freight haulage business provides interstate containerised freight services, interstate break bulk freight (steel), regional freight rail services in Queensland and hook and pull services for passenger trains. Pacific National is the largest provider of long haul intermodal rail services in Australia with a 70% market share.

The Bulk Haulage business hauls a range of bulk goods around Australia by rail including coal, grain for domestic and export markets, minerals, concentrate and construction materials.

(b) Terminals & Logistics

Terminals & Logistics is one of two major competitors in the Australian market.

It holds lease concessions and provides container stevedoring services in the four largest container ports in Australia, being East Swanson Dock in Melbourne, Port Botany in Sydney, Fisherman Islands in Brisbane and Fremantle in Western Australia.

The division also provides an integrated logistics service that provides the interface between the shipping port and the beneficial freight owner in a joint venture with ACFS Port Logistics Pty Ltd.

26. Excludes corporate costs.

27. Excludes corporate costs.

5. Information on Asciano Group (cont)

(c) Bulk & Automotive Port Services

Bulk & Automotive Port Services specialises in the management of bulk ports and supporting infrastructure and the provision of port related logistics at over 40 sites across Australia and New Zealand.

It also operates an integrated service for the transportation, processing and storage of motor vehicles from the port to the beneficial freight owner.

5.5 Financial information on the Asciano Group

(a) Basis of presentation of historical financial information

The historical financial information below relates to Asciano on a stand alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and the full financial accounts for Asciano for the financial periods described below, which include the notes to the accounts, can be found in Asciano's annual reports for those periods.

The reports for those periods have been prepared in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations adopted by the Australian Accounting Standards Board, and the Corporations Act. The consolidated financial statements of Asciano comply with the IFRS and the interpretations adopted by the International Accounting Standards Board.

Readers should note that Asciano simplified and refreshed the format of its financial statements for the financial year ended 30 June 2015 which included some minor classification changes for certain assets and liabilities. The comparative for the financial year ended 30 June 2014 (included in the financial statements for the financial year ended 30 June 2015) was also amended for consistency. Asciano has also amended the financial statements included for the financial year ended 30 June 2013 in this Target's Statement to ensure consistency with the simplified and refreshed format. The amendments were not material in nature.

5. Information on Asciano Group (cont)

(b) Historical financial information on the Asciano Group

(i) Asciano Consolidated Statement of Profit or Loss

The audited historical consolidated statement of profit or loss for the year ended 30 June 2013, 2014 and 2015 is summarised in Table 1.

Table 1: Historical Asciano income statements

Consolidated Statement of Profit or Loss (A\$m)	2013	2014	2015
Revenue from services rendered	3,688.2	3,926.1	3,795.4
Other income	56.6	68.5	43.7
Share of net profit of joint ventures	17.3	14.9	15.8
Operating expenses excluding depreciation and amortisation:			
Employee benefits	(1,189.7)	(1,324.3)	(1,255.7)
Rail access	(426.6)	(449.3)	(441.5)
Fuel, oil and power	(377.8)	(418.2)	(323.9)
Repairs and maintenance	(318.1)	(315.8)	(281.8)
Lease and hire	(192.8)	(200.6)	(194.6)
Insurance	(60.1)	(53.2)	(43.8)
Other	(219.3)	(256.7)	(241.7)
Profit before depreciation, amortisation, net finance costs and tax	977.7	991.4	1,071.9
Depreciation	(265.9)	(360.8)	(312.5)
Amortisation	(44.8)	(46.6)	(47.9)
Profit before net finance costs and tax	667.0	584.0	711.5
Net interest income/(expense)	(208.2)	(189.5)	(185.5)
Other financing expenses	(4.1)	(14.3)	(12.2)
Credit value adjustment and fair value movements of unhedged derivatives	12.6	(21.5)	(6.8)
Net finance expense	(199.7)	(225.3)	(204.5)
Profit before tax	467.3	358.7	507.0
Tax expense	(130.5)	(101.7)	(146.2)
Profit after tax	336.8	257.0	360.8
Attributable to:			
Owners of Asciano Limited	334.4	254.4	359.6
Non-controlling interests	2.4	2.6	1.2
	336.8	257.0	360.8
Earnings per Parent share			
Basic – cents	34.3	26.1	36.9
Diluted – cents	34.2	26.1	36.8

5. Information on Asciano Group (cont)

(ii) Asciano Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position as at 30 June 2013, 2014 and 2015 is presented in Table 2.

Table 2: Consolidated balance sheet as at 30 June 2015

Consolidated Statement of Financial Position (A\$m)	2013	2014	2015
Current assets			
Cash and cash equivalents	29.7	167.3	127.3
Trade and other receivables	392.4	429.2	444.6
Prepayments and other assets	30.9	25.7	23.7
Inventories	29.3	33.3	41.4
Derivative financial assets	12.5	4.1	114.2
Assets held for sale	–	–	51.7
Total current assets	494.8	659.6	802.9
Non-current assets			
Property, plant and equipment	3,926.4	4,306.7	4,465.3
Intangible assets	2,793.8	2,810.3	2,796.2
Equity accounted investments	28.4	30.9	30.4
Loans to joint ventures	53.0	56.2	56.2
Trade and other receivables	2.4	1.9	1.4
Prepayments and other assets	6.2	3.9	1.4
Inventories	40.5	31.6	38.8
Derivative financial assets	231.0	165.9	613.5
Net deferred tax assets	72.0	109.2	70.6
Total non-current assets	7,153.7	7,516.6	8,073.8
Total assets	7,648.5	8,176.2	8,876.7
Current liabilities			
Trade payables	129.5	152.8	151.3
Other payables and accrued expenses	264.1	311.6	258.6
Provisions	42.1	74.4	52.4
Employee benefits	193.7	201.8	192.4
Loans and borrowings	0.6	0.6	519.5
Derivative financial liabilities	29.1	61.4	40.3
Current tax liabilities	52.1	10.4	30.7
Liabilities held for sale	–	–	14.1
Total current liabilities	711.2	813.0	1,259.3
Non-current liabilities			
Other payables and accrued expenses	13.2	15.3	14.9
Provisions	76.5	65.4	62.5
Employee benefits	135.7	138.5	92.1
Loans and borrowings	3,070.3	3,370.0	3,426.5
Derivative financial liabilities	19.3	57.8	52.9
Total non-current liabilities	3,315.0	3,647.0	3,648.9
Total liabilities	4,026.2	4,460.0	4,908.2
Net assets	3,622.3	3,716.2	3,968.5
Equity			
Contributed equity	8,606.1	8,609.3	8,604.5
Reserves	(4,703.5)	(4,721.2)	(4,342.0)
Accumulated losses	(295.1)	(189.3)	(312.6)
Equity attributable to owners of Asciano Limited	3,607.5	3,698.8	3,949.9
Non-controlling interests	14.8	17.4	18.6
Total equity	3,622.3	3,716.2	3,968.5

5. Information on Asciano Group (cont)

(iii) Update on material changes to Asciano financial performance and financial position

Since the full year reporting date of 30 June 2015 there have been a number of material changes to Asciano. These are listed below:

- On 10 April 2015, Asciano announced that it was forming a new joint venture (held on a 50/50 basis) with ACFS Port Logistics Pty Ltd (“ACFS”) bringing together the metropolitan logistics businesses of both companies. The joint venture commenced on 1 August 2015. The joint venture with ACFS will be equity accounted in the financial year ending 30 June 2016. This is expected to result in a decline in the reported revenue of the Terminals & Logistics segment compared to the prior comparable period. The impact on EBITDA and EBIT is not expected to be material.
- On 27 July 2015, Asciano announced the appointment of Mr Murray Vitlich to the role of Director, Patrick following the resignation of Alistair Field from the role of Director, Patrick Terminals & Logistics. The company has taken the opportunity to review its current management structure and will integrate the leadership of two Patrick segments: Terminals & Logistics and Bulk & Automotive Port Services.
- On 17 August 2015, Asciano entered into a commitment in relation to a A\$500 million bridge facility with Goldman Sachs. The bridge facility has a tenor of six months from drawdown. The bridge facility is for general corporate purposes as well as to fund a part of the Special Dividend.
- On 18 August 2015, Asciano announced that it had entered into a Scheme Implementation Deed with BIP under which it is proposed that the Brookfield Bidder will acquire 100% of the issued capital of Asciano for the consideration under the Scheme.
- On 9 November 2015, Asciano announced that it had amended and restated the Implementation Deed with BIP to allow for the Brookfield Bidder to make the Offer.
- On 10 November 2015, Asciano announced that it had received a conditional, indicative and non-binding proposal from the Qube Consortium to acquire all of the Asciano Shares not already owned by the Qube Consortium at an implied value of A\$9.25 per Asciano Share.
- On 16 November 2015, Asciano announced that the Asciano Board had decided to grant the Qube Consortium confirmatory due diligence subject to the agreement of appropriate confidentiality agreements.
- On 23 November 2015, the Bidder’s Statement in relation to the Offer was served on Asciano and announced on the ASX.

5.6 Publicly available information about Asciano

Asciano is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Asciano is subject to the listing rules of ASX which require continuous disclosure of any information Asciano has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Asciano’s files are available for inspection at ASX during normal business hours.

In addition, Asciano is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Asciano may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Asciano is available in electronic form from: www.asciano.com.au.

5.7 Asciano’s issued securities

As at the date of this Target’s Statement, Asciano’s issued securities consisted of 975,385,664 Shares.

5. Information on Asciano Group (cont)

5.8 Asciano Share Plan

As at the date of this Target's Statement, Asciano currently has the following share plans in operation:

Asciano Right	Number of outstanding rights
FY13 Long Term Incentive Plan	480,871
FY14 Long Term Incentive Plan	862,677
FY15 Long Term Incentive Plan	867,149
FY16 Long Term Incentive Plan	652,157
FY14 Short Term Incentive Plan	194,553
FY15 Short Term Incentive Plan – Tranche 2	160,229
FY15 Short Term Incentive Plan – Tranche 1	160,206
Total	3,377,842

If the Scheme does not become Effective, but the Offer proceeds and Brookfield Bidder and its Associates acquire a greater than 50.1% Relevant Interest in Asciano Shares, the Directors will have the ability to exercise their discretion to vest some or all of the above rights. Asciano will update the market if this discretion is exercised.

5.9 Recent share price performance of Asciano

The latest recorded sale price of Asciano Shares on ASX before the Announcement Date was \$8.95 as at close of trading on ASX on 6 November 2015.

The price of Asciano Shares was \$8.68 as at 9 December 2015, being the last practicable trading day prior to the date of this Target's Statement.

The following chart shows the last sale price of Asciano Shares on ASX in the 12 months prior to the Announcement Date.

Table 3: Asciano Share price performance – 6 November 2015



Date prior to Asciano confirming receipt of confidential, indicative, non-binding and conditional proposal from BIP.

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6. Risks

6. Risks

6.1 Risks relating to holding BIP CDIs

If you receive the Offer Consideration and you are an Eligible Shareholder, then you will receive BIP CDIs. There are a number of risks associated with holding BIP CDIs – see section 9 of the Bidder's Statement.

6.2 Risks if you do not accept the Offer and the Brookfield Bidder is not able to compulsorily acquire Asciano following the Offer

If the Scheme is not approved and acceptances under the Offer or the actions taken by the Brookfield Bidder do not increase the Brookfield Bidder's interest in Asciano to 90% or more, then the Brookfield Bidder will be unable to move to compulsory acquisition of the residual Asciano Shares.

Asciano Shareholders who do not accept the Offer or who do accept the Offer in circumstances in which the Offer does not become unconditional will continue to be subject to all of the risks of holding Asciano Shares described in the Bidder's Statement (see section 9 of the Bidder's Statement). In addition, such Asciano Shareholders will be subject to the following risks:

- the market price of Asciano Shares is likely to fall in the absence of a further takeover offer from the Brookfield Bidder or a third party;
- any acceptances the Brookfield Bidder receives under the Offer (should the offer become unconditional) will further reduce liquidity in the trading of Asciano Shares and this may result in further downward pressure on the Asciano Share price;
- where the Brookfield Bidder owns more than 50% of Asciano but is unable to compulsorily acquire Asciano, the Brookfield Bidder and Asciano businesses will be subject to a number of additional costs that would otherwise be eliminated if the Scheme were implemented or if Brookfield Bidder achieved compulsory acquisition under the Offer, including an inability to integrate management teams and continuation of costs related to maintaining Asciano's listing. However, these additional costs would also adversely affect an Asciano Shareholder who accepts the Offer and receives BIP CDIs unless the Brookfield Bidder achieves compulsory acquisition under the Offer; and
- where Brookfield Bidder owns more than 50% of Asciano and to the extent it is able to vote, BIP will control any simple majority vote relating to Asciano Shares which may result in a further discount being applied to the trading price.

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7. Important issues

7. Important issues

7.1 Consideration payable to Asciano Shareholders who accept the Offer

The Offer Consideration, per Asciano Share, being offered by the Brookfield Bidder is:

- **Cash consideration:** cash of A\$6.9439 (reduced by the cash value of any Special Dividend paid);²⁸ and
- **Scrip consideration:** 0.0387 BIP CDIs.

No Offer Consideration for the Asciano Shares tendered into the Offer will be paid or provided until after the Offer becomes unconditional. If the Offer becomes unconditional, you will be paid or provided the Offer Consideration by the earlier of:

- one month after the date of your acceptance of the Offer or, if the Offer is subject to a defeating condition when you accept the Offer, within one month after the contract resulting from your acceptance of the Offer becomes unconditional; and
- 21 days after the end of the Offer Period.

Asciano expects to pay a fully franked Special Dividend of up to A\$0.90 per Asciano Share as part of the Offer (subject to the Brookfield Bidder freeing the Offer from all defeating conditions and a favourable draft ATO Tax Ruling being obtained), potentially providing an additional benefit of up to approximately A\$0.386 per Asciano Share for Asciano Shareholders who can capture the full benefit of the franking credits.²⁹ To the extent that a Special Dividend is paid, the cash component of the Offer Consideration will be reduced to account for the cash value of the Special Dividend.

Unless the Brookfield Bidder determines otherwise in its absolute discretion, Ineligible Foreign Shareholders will receive cash instead of the BIP CDIs which they would otherwise be entitled to receive. The BIP CDIs which would otherwise have been issued to Ineligible Foreign Shareholders will be sold by the Nominee. The net proceeds of the sale of such BIP CDIs will then be remitted by cheque in Australian dollars drawn on an Australian bank account to the relevant Ineligible Foreign Shareholders. See section 12.7 of the Bidder's Statement for further details.

If an Accepting Shareholder (other than an Ineligible Foreign Shareholder) is entitled to a number of BIP CDIs which constitute a Small Parcel, unless the Brookfield Bidder determines otherwise in its absolute discretion, those BIP CDIs will be sold by the Nominee. The net proceeds of the sale of such BIP CDIs will then be remitted by cheque in Australian dollars drawn on an Australian bank account to such Asciano Shareholders. See section 12.7 of the Bidder's Statement

If an Asciano Shareholder is entitled to a fraction of a BIP CDI, that fraction will be rounded down to the next whole number of BIP CDIs. Any cash amount payable to an Asciano Shareholder will be rounded down to the nearest whole cent.

7.2 The Offer is conditional

Asciano Shareholders should note that the Offer is subject to a number of conditions and that the Offer will lapse unless these conditions are either satisfied or waived prior to the end of the Offer Period.

Amongst other conditions, the Offer is conditional on the Brookfield Bidder and its Associates having a Relevant Interest in at least 50.1% of Asciano Shares (on a fully diluted basis), ACCC and FIRB approval, and Asciano Shareholders at a Scheme Meeting not agreeing to the Scheme by the Requisite Majorities.

In particular, the Directors note that the ACCC condition remains outstanding and it is uncertain whether this condition will be satisfied (refer to Section 2.6 for further details).

The conditions are set out in section 12.8 of the Bidder's Statement.

7.3 Notice of Status of conditions

Section 12.12 of the Bidder's Statement indicates that the Brookfield Bidder will give a notice of status of conditions to ASX and Asciano on 4 January 2016.

The Brookfield Bidder is required to set out in its notice of status of conditions:

- whether the Offer is free of any or all of the conditions;
- whether, so far as the Brookfield Bidder knows, any of the conditions have been fulfilled; and
- the Brookfield Bidder's voting power in Asciano.

If the Offer Period is extended by a period before the time by which the notice of status of conditions is to be given, the date for giving the notice of status of conditions will be taken to be postponed for the same period. In the event of such an extension, the Brookfield Bidder is required, as soon as practicable after the extension, to give a notice to the ASX and Asciano that states the new date for giving of the notice of status of conditions.

7.4 Offer Period

Unless the Bidder's Offer is extended or withdrawn, it is open for acceptance until 7:00pm on 11 January 2016.

The circumstances in which the Brookfield Bidder may extend or withdraw its Offer are set out in Sections 7.5 and 7.6, respectively, of this Target's Statement.

7.5 Extension of the Offer Period

The Brookfield Bidder may extend the Offer Period at any time before the giving the notice of status of conditions (referred to in Section 7.3 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are fulfilled or freed),

28. See section 10 of the Bidder's Statement for further details.

29. Whether a shareholder is able to capture the full benefit of the franking credits will depend on their personal tax circumstances, including whether they satisfy relevant holding period rules. See section 10 of the Bidder's Statement for further details.

7. Important issues (cont)

the Brookfield Bidder may extend the Offer Period at any time before the end of the Offer Period whether or not it has already given the notice of status of conditions.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- the Brookfield Bidder improves the Offer Consideration; or
- the Brookfield Bidder's voting power in Asciano increases to more than 50%.

If either of these two events occurs within the last 7 days of the Offer Period, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

7.6 Withdrawal of Offer

The Brookfield Bidder may not withdraw the Offer if you have already accepted it. Before you accept the Offer, the Brookfield Bidder may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

7.7 Effect of Acceptance

The effect of acceptance of the Offer is set out in section 12.5 of the Bidder's Statement. Asciano Shareholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their Asciano Shares and the representations and warranties which they give by accepting of the Offer.

7.8 Your ability to withdraw your acceptance

You will only be able to withdraw your acceptance in limited circumstances. In particular, withdrawals are possible:

- at any time before the FIRB Condition is satisfied; or
- if the Offer is subject to a defeating condition and the Brookfield Bidder varies the Offer in a way that postpones for more than one month the time when the Brookfield Bidder has to meet its obligations under the Offer.

7.9 Compulsory acquisition

The Brookfield Bidder will be able to compulsorily acquire any outstanding Asciano Shares for which it has not received acceptances on the same terms as the Offer described in Section 1 of this Target's Statement if during, or at the end of, the Offer Period the Brookfield Bidder (taken together with its Associates):

- has a Relevant Interest in at least 90% (by number) of the Asciano Shares; and
- has acquired at least 75% (by number) of the Asciano Shares for which it has made the Offer.

If these thresholds are met, the Brookfield Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to Asciano Shareholders who have not accepted the Offer. The consideration payable by the Brookfield Bidder will be the Offer Consideration last offered under the Offer.

If the Brookfield Bidder does not become entitled to compulsorily acquire Asciano Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act.

Asciano Shareholders may challenge any compulsory acquisition, but this would require the relevant Asciano Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for the Asciano Shares. If Asciano Shares are compulsorily acquired, Asciano Shareholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

7.10 Superior Proposal

If you accept the Offer, you may forfeit the opportunity to benefit from any better offer made by another bidder for your Asciano Shares, if such an offer eventuates.

If you do not accept the Offer and no other offer eventuates, you will be subject to the risks outlined in Section 6.2 of this Target's Statement including the likelihood that the Asciano Share price will fall. Should another offer be announced during the Offer Period, Asciano will issue a supplementary target's statement to Asciano Shareholders.

7.11 Effect of an improvement in Offer Consideration on Asciano Shareholders who have already accepted the Offer

If the Brookfield Bidder improves the Offer Consideration offered under its Offer, all Asciano Shareholders, whether or not they have accepted the Offer before that improvement in Offer Consideration, will be entitled to the benefit of that improved Offer Consideration.

7.12 Taxation

There will be tax consequences for Asciano Shareholders who accept the Offer, which may include tax being payable on any gain on disposal of Asciano Shares.

For further detail regarding general Australian tax consequences of the Takeover Transaction, refer to section 10 of the Bidder's Statement for more information. The tax treatment may vary depending on the nature and characteristics of each Asciano Shareholder and their specific circumstances. Accordingly, Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.

7. Important issues (cont)

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8. Additional information



8. Additional information

8.1 Other material information

The Target's Statement is required to include all the information that Asciano Shareholders and their professional advisors would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Asciano Shareholders and their professional advisors to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

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

- the information in the Scheme Booklet;
- the information contained in the Bidder's Statement;
- the information contained in Asciano's releases to ASX prior to the date of this Target's Statement; and
- information contained in this Target's Statement (including the information contained in the Supplementary Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it, other than the information about Asciano.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Asciano Shares;
- the matters that Asciano Shareholders may reasonably be expected to know; and
- the fact that certain matters may reasonably be expected to be known to Asciano Shareholders' professional advisors.

8.2 Implementation Deed

On 17 August 2015, Asciano and BIP entered into an Implementation Deed which set out the rights and obligations of Asciano and BIP in connection with the implementation of the Scheme. On 9 November 2015, the Implementation Deed was amended and restated to facilitate the Offer as well as the Scheme. A copy of the Implementation Deed was provided to ASX on 9 November 2015 and is publicly available on the ASX company announcements platform.

A summary of the Implementation Deed is set out in section 11.2 of the Bidder's Statement.

8.3 Interests of Directors

(a) Interests of Directors in securities in Asciano

The following table shows the Relevant Interest of each Director in marketable securities as at 9 December 2015, being the last practicable day before the date of this Target's Statement:

Name of Director	Number of Asciano Shares held directly or indirectly	Number of rights under executive incentive plans held
Malcolm Broomhead (Chairman)	110,000	0
John Mullen (Chief Executive Officer and Managing Director)	545,056	1,557,918
Chris Barlow	8,758	0
Robert Edgar	99,884	0
Peter George	46	0
Shirley Int'Veld	0	0
Geoff Kleemann	16,667	0
Ralph Waters	25,000	0

(b) Dealings by Directors in Asciano securities

There has been no dealing by any of the Directors in any marketable securities of Asciano or the Brookfield Bidder or any Related Body Corporate of the Brookfield Bidder in the four months preceding 9 December 2015, the last practicable trading day before the date of this Target's Statement.

(c) Interests and dealings in the Brookfield Bidder (or its Related Bodies Corporate)

No Director has a Relevant Interest in any securities in the Brookfield Bidder or any Related Body Corporate of the Brookfield Bidder.

8. Additional information (cont)

(d) Benefits to Directors

Except as set out in this Target's Statement:

- there is no payment or other benefit that is proposed to be made or given to any Director, secretary or executive officer of Asciano (or any of its Related Bodies Corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Asciano or any of its Related Bodies Corporate as a consequence of or in connection with the Offer and no Director, secretary or executive officer of Asciano (or any of its Related Bodies Corporate) has had or is to have the amount of any payment or benefit which may be made to them upon their loss of office or retirement from office materially affected by the Offer;
- the Directors do not have any other interests in a contract entered into by the Brookfield Bidder or any member of the Brookfield Group;
- there are no contracts or arrangements between a Director and any person in connection with or conditional upon the outcome of the Offer; and
- the Directors do not have a material interest in relation to the Offer.

8.4 Potential impact of Offer on financing arrangements and material contracts

Some contracts to which members of Asciano Group are a party (including leases, supply contracts, joint venture agreements, financing arrangements and customer contracts) contain change of control provisions that have been, will, or may if certain conditions pertain, be triggered by either the entry into the Implementation Deed, the Scheme, the acquisition of Asciano Shares by the Brookfield Bidder (which is also the 'Acquirer' described in the Scheme Booklet) following the implementation of the Scheme, the Takeover Transaction or the delisting of Asciano. Such provisions allow the counterparty to, variously, demand immediate or earlier repayment of borrowed monies, review, adversely modify or terminate the contract or, in some cases, exercise pre-emptive rights over the joint venture interests of Asciano. If a counterparty to any such contract were to demand immediate or earlier repayment of borrowed monies, terminate or seek to renegotiate the contract or exercise pre-emptive rights with respect to the joint venture interests of Asciano this may, individually or in aggregate, have an adverse effect on the Combined Group, depending on the relevant contract.

Asciano is aware of a number of such provisions that will or may be triggered by the Scheme Transaction or Takeover Transaction, and is, under the Implementation Deed, required to use its reasonable endeavours to obtain all such change of control consents to ensure that there is no adverse effect on the Combined Group arising from such provisions. However, the only instances where the effect of triggering such provisions is considered, individually, to be material to Asciano's business as a whole relate to those consent requirements which are also conditions precedent to the Scheme and conditions to the Offer (being those contained in the container port terminal leases for Port Botany and Port of Brisbane which are fundamental to Asciano's ports business) and certain consent requirements in Asciano's financing arrangements.

The Offer will not proceed unless the Port Botany and Port of Brisbane consents are obtained or Brookfield Infrastructure waives the relevant conditions. As at the date of this Target's Statement, the Directors are not aware of any circumstances which would cause this condition not to be satisfied.

In relation to Asciano's debt financing, the consequences of the Offer differ between the bank debt and the various bonds on issue. In respect of the bank debt financing, Asciano will seek appropriate assurance from the relevant financiers, in a form acceptable to Brookfield Infrastructure, that any change of control resulting from the Takeover Transaction will not lead to the exercise of termination or repayment rights under the review events for that financing. If appropriate assurance is not received, then there is a risk that the A\$1.3 billion bank debt facilities would need to be refinanced within 120 days of a change of control occurring.

In respect of the various bonds that have been issued by Asciano, provided that Asciano maintains an investment grade credit rating, the Directors are not aware of any circumstances that would cause a termination and repayment event as a result of the Takeover Transaction.

8.5 Consents

(a) Consent to inclusion of a statement

Grant Samuel has given and has not, before the time of lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of its Supplementary Independent Expert's Report in this Target's Statement in the form and context in which it is included and to all references in this Target's Statement to that report in the form and context in which they appear.

(b) Consent to be named

The following parties have given and have not, before the time of lodgement of this Target's Statement with ASIC, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named:

- King & Wood Mallesons as Australian legal advisor to Asciano;
- Goldman Sachs Australia Pty Ltd and Gresham Advisory Partners Limited, as financial advisors to Asciano;
- Grant Samuel & Associates Pty Limited as Independent Expert;
- Computershare Investor Services Pty Limited as the Asciano Registry; and
- each Director.

8. Additional information (cont)

(c) Disclaimer regarding statements made and responsibility

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

- 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, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- 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, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

Each person referred to in Section 8.5(b) of this Target's Statement

- does not make, or purport to make, any statement in this Target's Statement other than those statements made in the capacity and to the extent the person has provided its consent, as referred to above; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this Section 8.5 with that person's consent.

8.6 Transaction Expenses

The Offer has resulted in Asciano incurring expenses that would not otherwise arise from trading in the current financial year. These expenses are anticipated to be approximately \$40 million. Expenses include legal, financial and tax advisors engaged to assist in this transaction and other transaction related expenses which will have a negative impact on the after tax earnings in the current financial year.

8.7 Miscellaneous

This Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by the Brookfield Bidder or Asciano. Any Asciano Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Shareholder Information Line on:

- 1300 729 310 (within Australia)
- +61 3 9415 4608 (outside Australia)

which is available Monday to Friday between 9.00am and 5.00pm (Sydney time).

Copies of announcements by Asciano may also be obtained from its website at www.asciano.com.au.

8.8 Date of Target's Statement

This Target's Statement is dated 11 December 2015, which is the date on which it was lodged with ASIC.

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9. Glossary



9. Glossary

The following defined terms used throughout this Target's Statement have the meaning set out below unless the context otherwise requires.

Defined term	Meaning
ACCC	means the Australian Competition and Consumer Commission.
Acceptance Form	means the acceptance forms enclosed with the Bidder's Statement.
Accepting Shareholders	means an Asciano Shareholder who has validly accepted the Offer.
Adjusted EBITDA	means FFO excluding the impact of interest expense, cash taxes and other cash income or expenses.
Affiliate	means a person directly or indirectly controlled by another person or if both are directly or indirectly controlled by a third person and, in respect of BIP, includes a partnership or other fund or account which is managed by BAM or any of its Subsidiaries
Announcement Date	means 9 November 2015.
Asciano	means Asciano Limited (ABN 26 123 652 862).
Asciano Board	means the board of directors of Asciano and a 'Director' means any current director of Asciano comprising part of the Asciano Board.
Asciano Group	means Asciano and each of its Subsidiaries.
Asciano Register	the register of members of Asciano maintained in accordance with the Corporations Act.
Asciano Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Asciano Share	means a fully paid ordinary share in the capital of Asciano.
Asciano Shareholder	means each person who is registered in the Register from time to time as the holder of an Asciano Share.
ASX	means ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market which it operates.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to the Implementation Deed and Asciano was the designated body.
ATO Tax Ruling	means the class ruling to be obtained by Asciano on behalf of Asciano Shareholders in relation to the Australian income tax consequences of the Special Dividend.
Australian Accounting Standards	means accounting standards as that term is defined in the Corporations Act.
Class A Preferred Units	means the cumulative class A preferred limited partnership units issued by BIP.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Combined Group	means BIP, BILP and their Subsidiaries (which, if the Offer is successful, will include Asciano and its Subsidiaries).
BAM	means Brookfield Asset Management Inc.
Bidder's Statement	means the statement of the Brookfield Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer, dated 10 December 2015.
BIF	means the entities that, together, comprise Brookfield Infrastructure Fund II, and any subsequent similar fund or co-investment vehicle exclusively managed by Brookfield or its Affiliates.
BIP	means Brookfield Infrastructure Partners L.P., a Bermuda exempted limited partnership.

9. Glossary (cont)

Defined term	Meaning
BIP CDI	means a CHESS Depository Interest, being a unit of beneficial ownership in a BIP Interest registered in the name of CDN.
BIP Interest	means a fully paid limited partnership unit in BIP, other than Preferred Units.
Brookfield	means BAM and its Affiliates other than Brookfield Infrastructure.
Brookfield Bidder	means Nitro Corporation Pty Ltd ACN 607 605 701, an Affiliate of Brookfield Infrastructure.
Brookfield Group	means collectively BIP, BAM and BIF and each of their Affiliates and a reference to a 'Brookfield Group Member' or a 'member of the Brookfield Group' is to any of those persons.
Brookfield Infrastructure	means BIP, collectively with its subsidiary entities (including BILP) and the Operating Entities.
BILP	means Brookfield Infrastructure L.P.
Business Day	means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney.
CDN	means CHESS Depository Nominees Pty Limited (ACN 071 346 506).
CHESS Depository Interest or CDI	means a unit of beneficial ownership in an issued financial product which is listed on a foreign exchange (where such financial product has been issued in the name of the relevant depository nominee who holds the legal title to that product).
Combined Group	BIP, BILP and their Subsidiaries (which, if the Offer is implemented, will include Asciano and its Subsidiaries).
Competing Proposal	<p>means any proposal, agreement, arrangement or transaction, which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none"> directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the Asciano Shares or of the share capital of any material Subsidiary of Asciano; acquiring Control of Asciano or any material Subsidiary of Asciano; directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of Asciano's business or assets or the business or assets of the Asciano Group; otherwise directly or indirectly acquiring or merging with Asciano or a material Subsidiary of Asciano; or requiring Asciano to abandon, or otherwise fail to proceed with, the Transaction, <p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement (and includes any variation of an earlier Competing Proposal).</p>
Control	has the meaning given to it in section 50AA of the Corporations Act.
Court	means the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Brookfield Infrastructure and Asciano.
Director	means any current director of Asciano comprising part of the Asciano Board.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
Effective	means when used in relation to the Scheme, the coming into effect under subsection under 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act.
Effective Date	means the date on which the Scheme Transaction becomes Effective.
Eligible Shareholder	means an Asciano Shareholder whom is not an Ineligible Foreign Shareholder.

9. Glossary (cont)

Defined term	Meaning
Financial Advisor	means any financial advisor retained by a party in relation to the Transactions or a Competing Proposal from time to time.
FIRB	means the Foreign Investment Review Board.
FIRB Condition	means the condition to the Offer described in section 12.8(a)(1) of the Bidder's Statement.
FFO	means funds from operations, which Brookfield Infrastructure defines as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, non-cash valuation gains or losses and other items.
Grant Samuel or Independent Expert	means Grant Samuel & Associates Pty Limited.
IFRS	means International Financial Reporting Standards.
Implementation Deed	means the Implementation Deed dated 17 August 2015 between Asciano and Brookfield Infrastructure relating to the implementation of the Scheme Transaction and the Takeover Transaction (as amended).
Independent Expert or Grant Samuel	means Grant Samuel & Associates Pty Limited.
Ineligible Foreign Shareholder	<p>means, for the purposes of the Offer, an Asciano Shareholder whose address as shown on the Asciano Register is in:</p> <p>(a) a jurisdiction other than Australia or its external territories, Canada, or New Zealand; or</p> <p>(b) the United States (or where the Brookfield Bidder has reasonable grounds to believe such person is holding shares for the account or benefit of a person whose address is in the United States).</p> <p>However, such a person will not be an Ineligible Foreign Shareholder if the Brookfield Bidder is satisfied that it is not legally or practically constrained from making the Offer to an Asciano Shareholder in the relevant jurisdiction and to issue BIP CDIs to such a shareholder on acceptance of the Offer, and that it is lawful for the shareholder to accept the Offer in such circumstances in the relevant jurisdiction.</p>
Nominee	means the nominee appointed by the Brookfield Bidder in accordance with section 12.7 of the Bidder's Statement.
NPAT	means net profit after tax.
Offer	means the off-market takeover offer by the Brookfield Bidder for Asciano Shares under Chapter 6 of the Corporations Act as described in section 12.1 of the Bidder's Statement.
Offer Consideration	means the consideration offered under the Offer being, as at the date of this Target's Statement, A\$6.9439 cash (reduced by the cash value of any Special Dividend paid) and 0.0387 BIP CDIs for each Asciano Share.
Offer Period	means the period during which the Offer will remain open for acceptance in accordance with section 12.2 of the Bidder's Statement.
Operating Entities	means entities which directly or indirectly hold Brookfield Infrastructure's current operations and assets that it may acquire in the future, including through any joint venture, co-investment or consortium arrangements.
Original Bidder's Statement	means the statement of the Brookfield Bidder under Part 6.5 Division 2 of the Corporations Act relating to the Offer, dated 23 November 2015, replaced by the Bidder's Statement.
Preferred Units	means Class A Preferred Units, Series 1 Preferred Units and Series 2 Preferred Units and, when issued, Series 3 Preferred Units and Series 4 Preferred Units.
Qube Consortium	means a consortium comprised of Qube Holdings Limited, Global Infrastructure Partners and Canada Pension Plan Investment Board.
Qube Proposal	means the conditional, non-binding indicative proposal from the Qube Consortium to acquire all of the Asciano Shares which the Qube Consortium does not already own for consideration of A\$9.25 per Asciano Share.

9. Glossary (cont)

Defined term	Meaning
Register	means the register of Asciano Shareholders maintained by the Asciano Registry in accordance with the Corporations Act.
Related Body Corporate	has the meaning set out in section 50 of the Corporations Act, except that the term “subsidiary” used in the Corporations Act shall have the meaning ascribed to the term “Subsidiary” in this Target’s Statement.
Related Person	means: <ol style="list-style-type: none"> in respect of a party or its Related Bodies Corporate, each director, officer, employee, advisor, agent or representative of that party or Related Body Corporate; in respect of the Brookfield Bidder and Brookfield Infrastructure (in addition to those persons listed above), each person with whom the Brookfield Bidder and Brookfield Infrastructure proposes to invest in Asciano (including any other shareholder in the Brookfield Bidder) and each director, officer, employee, advisor agent or representative of that person; and in respect of a Financial Advisor, each director, officer, employee or contractor of that Financial Advisor.
Relevant Interest	has the meaning given to it in sections 608 and 609 of the Corporations Act.
Requisite Majorities	means in relation to the resolution to be put to the Scheme Meeting, the majorities required for the resolution to be passed by Asciano Shareholders under subparagraph 411(4)(a)(ii) of the Corporations Act.
Rights	means all accreditations, rights or benefits of whatever kind attaching or arising from Asciano Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Asciano or any of its Subsidiaries) except the Special Dividend and right to any franking credits attaching to a dividend.
Scheme	means the scheme of arrangement under Part 5.1 of the Corporations Act between Asciano and the Scheme Shareholders, attached as Attachment 2 to the Implementation Deed, subject to any alterations or conditions as agreed between Asciano and Brookfield Infrastructure in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Asciano and Brookfield Infrastructure.
Scheme Booklet	means the scheme booklet announced by Asciano to the ASX on 30 September 2015.
Scheme Meeting	has the meaning given to it in the Implementation Deed.
Scheme Record Date	means the tenth Business Day after the Effective Date at 7:00pm (Sydney time) or such other time and date as the parties agree in writing.
Scheme Transaction	means the proposed transaction set out in the Scheme Booklet, being the acquisition of the Asciano Shares by the Brookfield Bidder through implementation of a scheme of arrangement in accordance with the terms of the Implementation Deed.
Series 1 Preferred Units	means the cumulative class A preferred limited partnership units, series 1 issued by BIP.
Series 2 Preferred Units	means the cumulative class A preferred limited partnership units, series 2 issued by BIP.
Series 3 Preferred Units	means the cumulative class A preferred limited partnership units, series 3 issued by BIP.
Series 4 Preferred Units	means the cumulative class A preferred limited partnership units, series 4 issued by BIP.
Small Parcel	means a parcel of BIP CDIs having a value less than A\$500 based on the highest closing price of BIP Interests on the NYSE during the period beginning on the date of the Original Bidder’s Statement, and ending on the earlier of: <ol style="list-style-type: none"> 5 trading days before the first day on which the Brookfield Bidder must pay or provide the Offer Consideration to a holder of Asciano Shares under the terms of the Offer; and the end of the Offer Period, and the AUD/USD Reference Rate on the same date (and, for the avoidance of doubt, assuming BIP Interests and BIP CDIs to be of equivalent value).

9. Glossary (cont)

Defined term	Meaning
Special Dividend	means a fully franked cash dividend of up to A\$0.90 for each Share as at the Special Dividend Record Date.
Special Dividend Record Date	means 5.00pm on a date which is the earlier of: <ol style="list-style-type: none"> if the Effective Date occurs, at least two days prior to the Scheme Record Date and otherwise agreed between the parties; or if the Offer is declared or becomes unconditional, a date at least two clear Business Days before that occurs or as otherwise agreed between the parties.
Standard Consideration	means, in relation to the Scheme, a cash amount equal to \$6.9439 (reduced by the cash value of any Special Dividend paid) and 0.0387 BIP CDIs (subject to provisions dealing with rounding in a manner consistent with the Scheme or in such other manner as the parties agree) per Asciano Share.
Subsidiary	has, in relation to an entity, the meaning given in Division 6 of Part 1.2 of the Corporations Act but so that: <ol style="list-style-type: none"> an entity will also be deemed to be a "Subsidiary" of an entity if that entity is required by the accounting standards to be consolidated with that entity; a trust or fund may be a "Subsidiary", for the purposes of which any units or other beneficial interests will be deemed shares; or a corporation or trust or fund may be a "Subsidiary" of a trust or fund if it would have been a Subsidiary if that trust or fund were a corporation.
Superior Proposal	means a bona fide Competing Proposal of the kind referred to in any of paragraphs (b), (c) or (d) of the definition of Competing Proposal (and not resulting from a breach by Asciano of any of its obligations under the Implementation Deed (it being understood that any actions by the Related Persons of Asciano in breach of the Implementation Deed shall be deemed to be a breach by Asciano for the purposes hereof)) which the Asciano Board, acting in good faith, and after receiving written legal advice from its external legal advisor and written advice from its financial advisor, determines: <ol style="list-style-type: none"> is reasonably capable of being valued and completed in a timely fashion taking into account all aspects of the Competing Proposal including any timing considerations, any conditions precedent or other matters affecting the probability of the Competing Proposal being completed, and the identity of the proponent; and would, if completed substantially in accordance with its terms, be more favourable to Asciano Shareholders (as a whole) than the Transactions (including if the Transactions have been amended or varied following application of the matching right set out in clause 15.4 of Implementation Deed, if applicable), taking into account all terms and conditions of the Competing Proposal (including, consideration, conditionality, funding, certainty and timing). <p>For the avoidance of doubt, a Competing Proposal will not constitute a Superior Proposal if its terms and conditions are substantively similar to any proposal that Asciano received, negotiated or was otherwise involved with at any time before the date of this deed.</p>
Supplementary Independent Expert's Report	means the report of the Independent Expert in connection with the Offer as set out in Annexure A.
Takeover Transaction	means the acquisition by the Brookfield Bidder of Asciano Shares under the Offer in accordance with the terms and conditions set out in the Bidder's Statement.
Target's Statement	means this document.
Third Party	means a person other than BIP and its Associates.
Transactions	means the Takeover Transaction and the Scheme Transaction.
USD/AUD Reference Rate	means the USD/AUD Hedge Settlement Rate WM/Reuters USD/AUD (HSRA) with a specified time of 10:00am (Sydney time).

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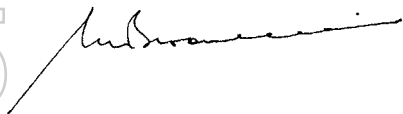
10. Authorisation



10. Authorisation

This Target's Statement has been approved by a resolution passed by the directors of Asciano. All Asciano directors present and entitled to vote, voted in favour of that resolution.

Signed for and on behalf of Asciano:



Malcolm Broomhead
Chairman
Asciano Limited

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11.

**Corporate
Directory**



11. Corporate Directory

11.1 Registered office

Asciano Limited
ABN 26 123 652 862
Level 4
476 St Kilda Road
Melbourne VIC 3004
Australia

11.2 Head office

Level 6
15 Blue St
North Sydney NSW 2060
Australia

11.3 Shareholder Information Line

1300 729 310 (within Australia) or +61 3 9415 4608 (outside Australia), from 9:00am to 5:00pm (Sydney time) Monday to Friday.

11.4 Asciano Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston St
Abbotsford VIC 3067
Australia

Enquiries (within Australia) 1300 729 310
Enquiries (outside Australia) +61 3 9415 4608
Facsimile + 61 3 9473 2500

11.5 Financial Advisors

Goldman Sachs Australia Pty Ltd
Level 17
101 Collins St
Melbourne VIC 3000
Australia

Gresham Advisory Partners Limited
Level 17
167 Macquarie St
Sydney NSW 2000
Australia

11.6 Legal Advisor

King and Wood Mallesons
Level 50, 600 Bourke St
Melbourne VIC 3000

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A. Annexure A - Supplementary Independent Expert's Report



Annexure A – Supplementary Independent Expert’s Report

GRANT SAMUEL



GRANT SAMUEL & ASSOCIATES

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www.grantsamuel.com.au

11 December 2015

The Directors
Asciano Limited
Level 6
15 Blue Street
North Sydney NSW 2060

Dear Directors

Proposed Takeover Offer from the Brookfield Consortium

1 Background

The Initial Proposal

On 18 August 2015, Asciano Limited (“Asciano”) announced that it had entered into an implementation deed with Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. (“Brookfield Infrastructure”) under which it was proposed that Brookfield Infrastructure, other Brookfield sponsored and managed private funds and two institutional partners, British Columbia Investment Management Corporation and GIC Special Investments (together, the “Brookfield Consortium”), would acquire 100% of the issued capital of Asciano for a consideration comprising a cash payment and units in Brookfield Infrastructure (the “Initial Proposal”). The Initial Proposal was to be implemented by a scheme of arrangement under Section 411 of the Corporations Act, 2001 (“Corporations Act”) between Asciano and its shareholders (“the Scheme”).

The standard consideration under the Initial Proposal was A\$6.9439 in cash plus 0.0387 Brookfield Infrastructure units for each Asciano share (the “standard consideration”). It was intended that up to a maximum of 90 cents would be paid by way of a fully franked special dividend, which would reduce the cash component of the consideration. The Brookfield Infrastructure units issued to Asciano shareholders were to be in the form of CHESS Depository Interests (“CDIs”) to be listed on the Australian Securities Exchange (“ASX”).

Shareholders could also elect to participate in a “mix and match” facility under which they could receive the maximum cash consideration (A\$9.15076) or the maximum scrip consideration (0.1447 Brookfield Infrastructure CDIs assuming a dividend of 90 cents) instead of the standard consideration. The availability of either option was limited to the extent of the take up of the alternative option.

The directors of Asciano unanimously recommended, and continue to recommend, that shareholders vote in favour of the Initial Proposal in the absence of a superior proposal. The meeting to approve the Scheme was initially scheduled for 10 November 2015.

The Qube Share Acquisition

On 30 October 2015, Qube Holdings Limited (“Qube”) announced that, with the support of two co-investors, Global Infrastructure Partners (“GIP”) and Canada Pension Plan Investment Board (“CPPIB”) (together “the Qube Consortium”), it had acquired an aggregate interest representing 19.99% of the shares in Asciano. Qube is an ASX listed company that provides integrated logistics for the import and export supply chains across Australia and New Zealand. It is a major competitor of the logistics component of Asciano’s container terminals and logistics division (“Patrick T&L”) and Asciano’s Bulk, Automotive

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and Port Services (“BAPS”) division. Key aspects of the announcement by the Qube Consortium were that:

- it does not intend to vote in favour of the Initial Proposal;
- it wished to enter into discussions with Asciano and/or the Brookfield Consortium in relation to alternative transactions including the possible carve-up of Asciano’s assets. Qube expressed interest in acquiring the container terminals business owned by Patrick T&L and certain other businesses within the BAPS division. GIP and CPPIB were interested in acquiring Asciano’s Pacific National rail business (“Pacific National”); and
- another option under consideration by the Qube Consortium was for it to hold its stake for a period of time and seek board representation.

The Brookfield Response

On 5 November 2015 (Toronto time), Brookfield Infrastructure announced that:

- it had acquired 14.9% of Asciano’s issued capital and an economic interest in a further 4.3% of Asciano; and
- the Brookfield Consortium intended to make an off-market takeover offer under the Corporations Act (“the Brookfield Offer”) for all of the issued capital of Asciano that it did not own on the same terms as the standard consideration under the Initial Proposal (A\$6.9439 in cash plus 0.0387 Brookfield Infrastructure units for each Asciano share).

On 6 November 2015 (Melbourne time), Asciano announced that it intended to apply to the Supreme Court of New South Wales to seek an adjournment of the Scheme meeting to a date to be determined, following a request from the Brookfield Consortium.

Asciano and the Brookfield Consortium subsequently amended the implementation deed to reflect the concurrent Initial Proposal and Brookfield Offer processes. The main features of the Brookfield Offer are:

- the cash component is still expected to include a fully franked special dividend of up to 90 cents if the Brookfield Offer becomes unconditional and a favourable draft ruling is received from the Australian Taxation Office (“ATO”);
- the standard consideration is the only form of consideration available under the Brookfield Offer. The maximum cash and maximum scrip alternatives available under the Initial Proposal are not able to be offered under the Brookfield Offer;
- the Brookfield Offer is conditional on the Brookfield Consortium obtaining a relevant interest in at least 50.1% of Asciano’s issued share capital;
- the Brookfield Offer is also subject to a number of other conditions including:
 - no Prescribed Occurrence or Material Adverse Change;
 - receipt of relevant regulatory approvals including from the Australian Consumer and Competition Commission (“ACCC”), the Foreign Investment Review Board (“FIRB”) in Australia and the Overseas Investment Office (“OIO”) in New Zealand;
 - no decline in the price of a Brookfield Infrastructure unit resulting in the value of the consideration falling below A\$8.80, so that the Brookfield Consortium is not required to pay more to shareholders under the offer than the standard consideration payable under the Scheme in accordance with the minimum bid price rule in Section 621(3) of the Corporations Act;
 - a condition addressing the inter-conditionality of the two proposals such that the Brookfield Offer will only proceed in circumstances where Asciano shareholders do not vote in favour of the Scheme by the requisite majorities; and
 - Brookfield Infrastructure being approved for admission to the official list of the ASX as a foreign exempt listing and the CDIs in Brookfield Infrastructure issued to Asciano shareholders as consideration under the Brookfield Offer being approved for official quotation

Annexure A – Supplementary Independent Expert’s Report (cont)

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by the ASX. Brookfield Infrastructure has received in-principle approval from the ASX for this listing;

- the sale facility provided under the Initial Proposal will be available under the Brookfield Offer for ineligible foreign shareholders¹ and for Asciano shareholders who would have been entitled to receive a small parcel² of Brookfield Infrastructure CDIs. It will not be available for Asciano shareholders to elect to sell up to 400 of their Brookfield Infrastructure CDIs;
- Asciano and Brookfield Infrastructure have agreed that up to 2,936,637 performance rights issued under Asciano’s long term and short term incentive plans will either vest or have any restrictions on their exercise waived and the Asciano shares issued or transferred to the holders of these performance rights will be entitled to participate in the Brookfield Offer. Any remaining issued performance rights will lapse or be cancelled;
- Asciano continues to be bound by customary exclusivity provisions including a “no talk” obligation (subject to a fiduciary carve out) and “no shop”, “notification” and “matching” obligations; and
- a reimbursement fee of A\$88 million remains payable by Asciano in certain circumstances.

The Indicative Qube Offer

On 10 November 2015, the Qube Consortium announced that it had submitted a confidential, non-binding indicative proposal to acquire all the issued capital of Asciano not already owned by the Qube Consortium at a value of A\$9.25 per share (“the Indicative Qube Offer”). Key elements of the Indicative Qube Offer include:

- approximately 75% of the A\$9.25 offer price will be paid in cash with the remainder to be provided in the form of shares in Qube;
- the Qube Consortium is prepared to work towards developing a similar structure to the Brookfield Offer, under which a portion of the cash consideration could be provided by way of a fully franked dividend;
- upon completion it is intended that:
 - GIP and CPPIB will acquire Pacific National;
 - Qube will acquire the container terminal business of Patrick T&L (but not the interest in the Australian Container Freight Services (“ACFS”) joint venture) and BAPS’ 50% interest in the Australian Amalgamated Terminals (“AAT”) joint venture; and
 - the BAPS division (excluding the AAT interest) and the ACFS interest will be sold;
- it is subject to a number of conditions including:
 - completion of confirmatory due diligence (with the aim of completing this by mid December); and
 - execution of an implementation deed on terms acceptable to the boards of directors of Asciano and Qube and the investment committees of GIP and CPPIB. The implementation deed would include the following provisions, which are no less favourable to Asciano than the implementation deed agreed with the Brookfield Consortium:
 - unanimous recommendation of Asciano’s board of directors;
 - standard no restraints conditions;
 - FIRB and OIO approval;

¹ Ineligible foreign shareholders are those with registered addresses outside of Australia and its external territories, New Zealand, the United States or Canada.

² A small parcel of Brookfield Infrastructure CDIs must have a value of less than A\$500 based on the closing price of Brookfield Infrastructure units on the New York Stock Exchange on 20 November 2015, being the trading day prior to the date of the Bidder’s Statement, and the US\$/A\$ exchange rate on the same date.

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- material third party consents (if any) to relevant change of control restrictions in Asciano’s contractual arrangements (to be determined during confirmatory due diligence);
- no prescribed occurrences including no dividend or capital returns, material asset sales or acquisitions of joint ventures to be made, or agreed to, by Asciano until completion (other than those contemplated as part of the Indicative Qube Offer) or material adverse changes having occurred for Asciano or Qube until completion; and
- customary exclusivity provisions and a break fee of 1% of equity value.

The announcement did not specify whether or not there would be a minimum acceptance condition.

The Qube Consortium stated that it did not expect that any formal offer would be subject to any ACCC conditions. However, the ACCC has subsequently announced a formal review of the Indicative Qube Offer and the Qube Consortium has lodged a formal submission to the ACCC. The ACCC has indicated that it expects to make its decision in relation to the Qube Offer on 18 February 2016. Any definitive proposal will also be conditional on approval by the board of directors of Qube and the investment committees of GIP and CPPIB.

On 16 November 2015, Asciano announced that its board had decided to grant the Qube Consortium access to confirmatory due diligence, subject to the agreement of appropriate confidentiality arrangements. The Qube Consortium commenced due diligence on or around 20 November 2015 and is expected to complete this process by mid-December 2015.

Subsequent Events

As part of its engagement with the ACCC, the Brookfield Consortium submitted a number of proposed undertakings to address potential issues arising from the vertical integration of Asciano’s above rail business and Brookfield Infrastructure’s below rail assets in Western Australia and port assets in Queensland. On 26 November 2015, the ACCC announced that it had decided that these undertakings were not acceptable but that it had not yet formed a final view as to whether or not it would oppose the Initial Proposal and the Brookfield Offer.

The Brookfield Consortium has subsequently advised Asciano that it intends to continue actively exploring solutions with the ACCC, including structural undertakings. The ACCC has indicated that it expects to announce its final decision in relation to the Initial Proposal and the Brookfield Offer on 17 December 2015.

2 Scope of the Report

2.1 Purpose of this Report

The directors of Asciano engaged Grant Samuel & Associates Pty Limited (“Grant Samuel”) to prepare an independent expert’s report on the Initial Proposal (“the First Asciano Report”). This report was issued on 29 September 2015 and was subsequently despatched to Asciano shareholders together with the Notice of Meeting and Explanatory Memorandum (“Scheme Booklet”). In view of the events since the First Asciano Report was issued and the introduction of the Brookfield Offer, the directors of Asciano have requested Grant Samuel to provide a supplementary independent expert’s report setting out its opinion on the Brookfield Offer.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual Asciano shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Target’s Statement issued by Asciano in relation to the Brookfield Offer.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Brookfield Offer, the responsibility for which lies with the directors of Asciano. In any event, the

Annexure A – Supplementary Independent Expert’s Report (cont)

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decision whether or not to accept the Brookfield Offer is a matter for individual shareholders, based on their own views as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Brookfield Offer should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to hold or sell securities in Brookfield Infrastructure. This is an investment decision independent of a decision on whether to accept the Brookfield Offer upon which Grant Samuel does not offer an opinion. Shareholders should also consult their own professional adviser in this regard.

This supplementary report does not provide an opinion on the Indicative Qube Offer as no formal offer to Asciano shareholders has yet been made although its potential ramifications for Asciano shareholders are considered.

2.2 Basis of Opinion

Grant Samuel’s opinion in the First Asciano Report was that the Initial Proposal was:

“in the best interests of Asciano shareholders, in the absence of a superior proposal”

“Best interests” is the opinion required for schemes of arrangement under the Corporations Act. In forming this opinion the expert is required to first determine whether or not the Initial Proposal was “fair” and “reasonable”. These are the relevant tests required under Regulatory Guide 111 issued by the Australian Securities & Investments Commission (“ASIC”) for a “control transaction” (where a party intends to acquire in excess of 20% of a target company).

Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. A transaction will be fair if the assessed value of the consideration falls within the underlying value range of the shares. Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer such as:

- the offeror’s existing shareholding;
- other significant shareholdings;
- the probability of an alternative offer; and
- the liquidity of the market for the target company’s shares.

An offer could be considered “reasonable” if there were valid reasons to accept the offer notwithstanding that it was not “fair”.

If a control transaction such as the Initial Proposal is fair and reasonable (or not fair but reasonable), then if it is being implemented by way of a scheme of arrangement, it will be in the best interests of shareholders.

The Brookfield Offer is an off-market takeover offer rather than a scheme of arrangement. In this case, a “best interests” opinion is not required. Rather, the opinion required under Regulatory Guide 111 is simply whether the offer is fair and reasonable.

2.3 Limitations

This report is a supplementary report to the First Asciano Report sent to Asciano shareholders. Accordingly, it incorporates by reference all of the material included in that report, including in particular:

Annexure A – Supplementary Independent Expert’s Report (cont)

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- the limitations, declarations and disclaimers set out in Sections 2 and 9;
- the factual information about Asciano and Brookfield Infrastructure set out in Sections 3, 4 and 5; and
- the valuation analysis set out in Sections 6 and 7.

3 Summary of Conclusions

In Grant Samuel’s opinion, the Brookfield Offer is fair and reasonable, in the absence of a superior proposal.

It is premature to amend the valuation of Asciano (A\$8.42-9.40) although the recent trading performance of the business would suggest that there is potentially some downside risk.

In view of the recent trading in Brookfield Infrastructure units and movements in the A\$/US\$ exchange rate, Grant Samuel has reconsidered its value of the consideration under the Brookfield Offer. The new range is A\$8.93-9.27 (compared to A\$8.93-9.28 in the First Asciano Report) based on:

- a value for Brookfield Infrastructure units of US\$38.00-42.00 (compared to US\$37.00-41.00 in the First Asciano Report);
- an exchange rate of A\$1=US\$0.70-0.74 (compared to A\$1=US\$0.68-0.72 in the First Asciano Report);
- the exchange ratio (of 0.0387 Brookfield Infrastructure units per Asciano share); and
- the cash component (A\$6.9439 per share).

The increase in the value attributed to Brookfield Infrastructure units is effectively offset by the increase in the exchange rate.

The value of A\$8.93-9.27 attributed to the consideration falls within Grant Samuel’s value range for Asciano.

The emergence of the Indicative Qube Offer has complicated the situation for Asciano shareholders. However, the Indicative Qube Offer is a preliminary proposal and is not an offer capable of acceptance. If it does become a formal offer:

- the indicated offer value of A\$9.25 is very close in value to the Brookfield Offer (depending on day to day movements in unit prices and exchange rates); and
- the key issues for Asciano shareholders will be the likelihood of success of either proposal and the relative merits of scrip in Brookfield Infrastructure and Qube. At this stage, there is insufficient information available to make a meaningful comparison between the two proposals.

The situation is likely to change significantly over the coming weeks:

- the Indicative Qube Offer may become a formal offer capable of acceptance or it may fall away. A formal offer document will provide important information for Asciano shareholders to evaluate the offer;
- the ACCC issues should become clearer;
- the relative values of the two offers may shift; and
- there may be further developments (e.g. changes to offer terms).

Accordingly, it would be prudent for Asciano shareholders to wait until these matters are resolved or clarified before making a final decision in relation to the Brookfield Offer.

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4 Value of Asciano

4.1 Previous Valuation

Grant Samuel’s valuation of Asciano in the First Asciano Report is summarised below:

Asciano - Valuation Summary (A\$ millions)			
	First Asciano Report – Section Reference	Value Range	
		Low	High
Pacific National	6.3	8,750.0	9,250.0
Patrick T&L ³	6.4	2,300.0	2,500.0
BAPS ³	6.5	900.0	1,000.0
Corporate costs (net of savings ⁴)	6.6	(484.0)	(340.0)
Value of business operations		11,466.0	12,410.0
Other assets and liabilities	6.7	11.9	31.9
Enterprise value		11,477.9	12,441.9
Adjusted net borrowings as at 30 June 2015	6.8	(3,229.4)	(3,229.4)
Non-controlling interest	6.9	(40.0)	(45.0)
Value of equity		8,208.5	9,167.5
Number of issued shares (millions)	3.6	975.4	975.4
Value per share		A\$8.42	A\$9.40

The valuation represented the estimated full underlying value of Asciano assuming 100% of the company was available to be acquired and includes a premium for control. The value exceeded the price at which, based on then market conditions, Grant Samuel would expect Asciano shares to trade on the ASX in the absence of a takeover offer.

The values attributed to each of Asciano’s business divisions represented overall judgements having regard to a number of valuation methodologies and parameters, including discounted cash flow (“DCF”) analysis and capitalisation of earnings or cash flows (multiples of EBITDA⁵ and EBITA⁶).

The DCF analysis for each of Asciano’s business divisions:

- forecast nominal ungeared after tax cash flows from 1 July 2015 to 30 June 2025, with a terminal value calculated to represent the value of cash flows in perpetuity;
- applied discount rates of 8-9% for Pacific National and 9-10% for Patrick T&L and BAPS; and
- considered a number of different scenarios in forming a view on value.

³ Includes interests in joint ventures.

⁴ Corporate overhead cost savings (i.e. listed company and other costs) which are available to acquirers of 100% of the business.

⁵ Underlying EBITDA is earnings before net interest, tax, depreciation and amortisation and material items. It includes the net profit after tax (“NPAT”) contribution from associates and joint ventures.

⁶ Underlying EBITA is earnings before net interest, tax, amortisation of customer contracts and relationships and material items. It includes the NPAT contribution from associates and joint ventures.

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The earnings multiples implied by the valuation of each of Asciano’s business divisions are summarised below:

Asciano – Implied Valuation Parameters for Business Divisions				
	First Asciano Report – Section Reference	Variable (A\$ millions)	Range of Parameters	
			Low	High
Pacific National	6.3		8,750.0	9,250.0
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual) ⁷	4.1, 6.2.6	841.1	10.4	11.0
Year ending 30 June 2016 (broker consensus) ⁸	Appendix 5	877.0	10.0	10.5
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual) ⁷	4.1, 6.2.6	620.4	14.1	14.9
Year ending 30 June 2016 (broker consensus) ⁸	Appendix 5	646.3	13.5	14.3
Patrick T&L	6.4		2,300.0	2,500.0
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual)	4.2, 6.2.6	213.1	10.8	11.7
Year ending 30 June 2016 (broker consensus)	Appendix 5	247.0	9.3	10.1
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual)	4.2, 6.2.6	157.9	14.6	15.8
Year ending 30 June 2016 (broker consensus)	Appendix 5	168.0	13.7	14.9
BAPS	6.5		900.0	1,000.0
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual)	4.3, 6.2.6	94.1	9.6	10.6
Year ending 30 June 2016 (broker consensus)	Appendix 5	114.2	7.9	8.8
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual)	4.3, 6.2.6	64.8	13.9	15.4
Year ending 30 June 2016 (broker consensus)	Appendix 5	79.7	11.3	12.5

These multiples were considered to be appropriate taking into account market evidence from recent relevant transactions, the trading multiples of comparable companies and the particular attributes of each of Asciano’s business divisions, including factors such as:

- the unique portfolio of rail and port/logistics assets owned by Asciano which would be extremely difficult to replicate;
- the comprehensive geographic coverage of both the rail and ports businesses;
- Asciano’s strong position in its key markets;
- Asciano’s historical financial performance and track record of performance, particularly over the last five years;
- the significant proportion of rail revenue that comes from long term, take-or-pay coal haulage contracts;
- the long term growth expectations for container volumes and bulk export volumes underpinned by the potentially positive effects of free trade agreements;

⁷ Historical earnings have been adjusted by Grant Samuel to exclude gains from the sale of property, plant and equipment.

⁸ Asciano has not publicly released earnings forecasts for FY16 and the directors decided not to include any forecasts in the Scheme Booklet. Accordingly, the forecast multiples were based on the median of broker’s forecasts (“broker consensus”) for Asciano and its business divisions. The broker forecasts were sufficiently close to Asciano’s FY16 budget to be useful for analytical purposes.

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- the pricing challenges facing both the rail and port businesses;
- the further upside still to be obtained from the business improvement program (A\$55 million in savings are expected to be achieved in FY16⁹) and the reinvestment in assets, particularly the automation of Port Botany (which only became operational in the second quarter of 2015);
- the relative levels of capital intensity in each of Asciano’s business divisions; and
- the subdued outlook for the global and domestic economies in the short term.

The valuation also allowed for:

- the capitalised value of unallocated corporate costs;
- other non-operating assets and liabilities, primarily corporate properties (net of site restoration costs), loans to associates, the defined benefit plan liability and a restructuring provision;
- cash needed to acquire Asciano shares to satisfy performance rights that would have vested as part of the Initial Proposal; and
- the value attributable to the non-controlling interest in Autocare.

4.2 Update and Review

Grant Samuel has reviewed Asciano’s trading performance for the period from 1 July 2015 to 30 September 2015 and the updated internal forecasts for the balance of the year to 30 June 2016 and has discussed these with Asciano management. The key features of the performance to date include:

- group EBITDA and EBITA for the first quarter are below budget by approximately 5%; and
- in terms of divisional performance:
 - Pacific National is performing broadly in line with budget underpinned by strong growth in coal volumes in both Queensland and New South Wales as well as other bulk volumes such as grain. This was offset by softness in the Intermodel business (particularly in Western Australia);
 - Patrick T&L has suffered from weaker trading with earnings below budget particularly at Fremantle and Port Botany. At Fremantle, the cause appears to be an overall market decline (reflecting the deteriorating Western Australian economy) while Port Botany has been impacted by a variety of issues including loss of market share, labour costs and weather; and
 - BAPS has been impacted by lower volumes across most of its activities (including car storage volumes) with the notable exception of the Port of Geelong.

The issue to be addressed is whether this performance warrants a revision to the valuation of Asciano’s business operations set out in the First Asciano Report. In Grant Samuel’s opinion, it would be premature to do so:

- the performance reflects only three months trading;
- management is in the process of identifying mitigating actions that can be taken. It is too early to determine how effective these might be;
- the latest internal forecast for FY16 prepared by Asciano management (three months actual plus nine months reforecast financial performance) is still in line with the original budget, albeit incorporating the release of contingencies and unbudgeted asset sales; and

⁹ FYXX = financial year end 30 June 20XX.

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- no work has been undertaken by management on the extent to which any shortfall in FY16 would have consequential impacts on the achievability of projected earnings in FY17 and beyond.

It is arguable that there is some downside risk to the value of the business operations. On the other hand, net borrowings is lower which is an offsetting factor. As at 30 September 2015, net borrowings (including derivatives) had declined by more than A\$100 million.

On this basis, for the purposes of this report, Grant Samuel has maintained its valuation of Asciano at A\$8.42-9.40 per share. In any event, given that the Initial Proposal was “fair” any reduction in value would only serve to reinforce fairness.

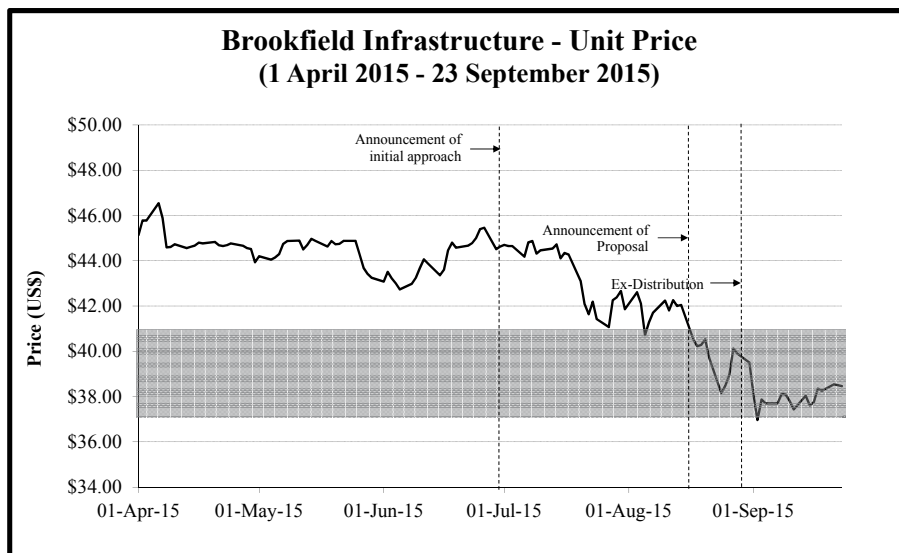
5 Value of the Brookfield Offer

5.1 Previous Valuation

In the First Asciano Report, Grant Samuel attributed a value to the scrip component of the standard consideration of A\$1.9888-2.3334 per Asciano share, based on a value range for Brookfield Infrastructure units of US\$37.00-41.00, an exchange rate of A\$1 = US\$0.68-0.72 and the exchange ratio of 0.0387 Brookfield Infrastructure CDIs for each Asciano share. Including the cash component, the value of the standard consideration to Asciano shareholders was assessed to be A\$8.93-9.28 per share. No adjustment was made for the special dividend to be received by Asciano shareholders as it is reflected in the value attributed to Asciano.

In forming its view, Grant Samuel analysed the recent trading in Brookfield Infrastructure units, reviewed broker research on Brookfield Infrastructure and considered the impact of the Proposal on Brookfield Infrastructure’s key financial metrics.

The value range compared to Brookfield Infrastructure unit prices is shown below:



Source: Bloomberg

The value range for Brookfield Infrastructure units was relatively wide (circa 10%). Grant Samuel considered this to be appropriate given the relatively low level of liquidity of Brookfield Infrastructure units and equity market and exchange rate volatility since announcement of the Initial Proposal.

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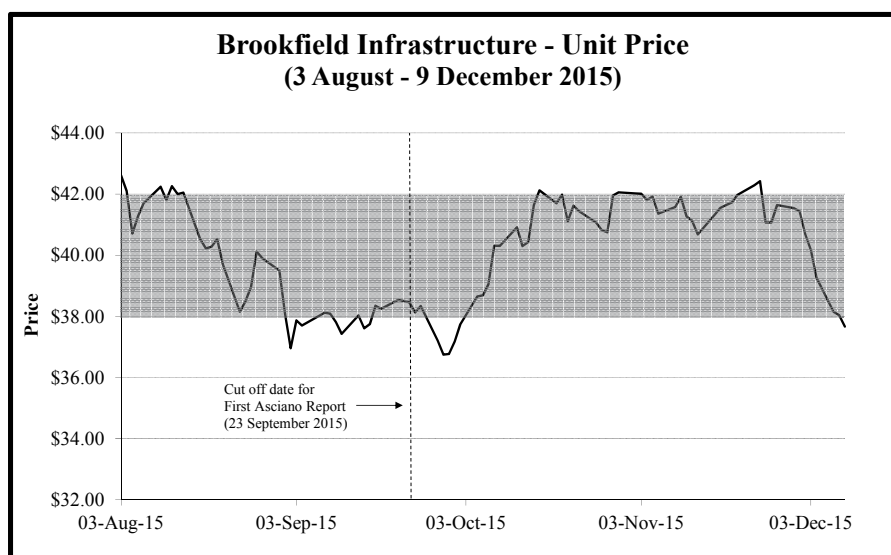
Annexure A – Supplementary Independent Expert’s Report (cont)

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5.2 Update and Review

The trading price of Brookfield Infrastructure units since the release of the First Asciano Report has been volatile. Initially it rose strongly from below US\$38 to trade consistently around US\$41-42. However, it has fallen sharply over the past week. The closing price of Brookfield Infrastructure units on 9 December 2015 was US\$37.67 and the volume weighted average price (“VWAP”) for the month to 9 December 2015 was US\$40.43. Grant Samuel believes that, taking into account the recent trading and the impact of the units trading on an ex-distribution basis from 25 November 2015, it would be appropriate to revise the value attributed to a Brookfield Infrastructure unit to a range of US\$38.00-42.00. This value range compared to recent Brookfield Infrastructure unit prices is shown on the chart below:



Source: Bloomberg

While the Brookfield Infrastructure unit price on 9 December 2015 was slightly below the low end of the value range of US\$38.00-42.00:

- the value range of US\$38.00-42.00 is consistent with the weekly and monthly VWAPs of US\$38.68 and US\$40.43 respectively, as illustrated in the graph above;
- the Brookfield Infrastructure unit price has fallen below US\$38 in the recent past but only temporarily. Over the period from 3 August 2015 to 9 December 2015, trading in Brookfield Infrastructure units has primarily taken place in the range US\$38.00-42.00; and
- the recent fall in the Brookfield Infrastructure unit price coincides with a general sell off of energy stocks following the sharp decline in the oil price in the week ending 4 December 2015. The energy segment represented only 10% of Brookfield Infrastructure’s funds from operations (“FFO”) (for the nine months ended 30 September 2015) with the vast majority of FFO (more than 80%) from its utilities and transport segments. This may indicate that Brookfield Infrastructure units have been oversold in recent trading.

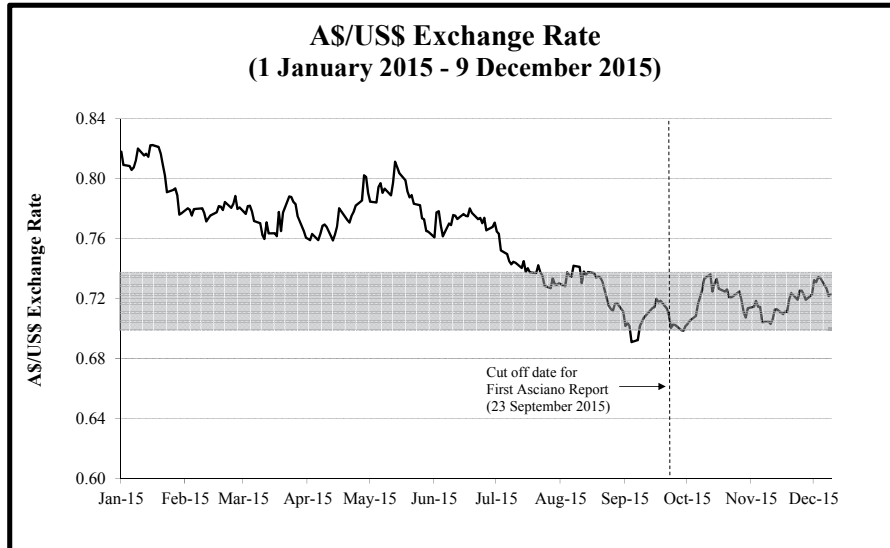
Since the date of the First Asciano Report, the A\$ has strengthened against the US\$, generally trading in the range A\$1=US\$0.71-0.73, particularly in recent weeks. The exchange rate was A\$1 = US\$0.7232 at 8am on 10 December 2015 (the exchange rate that corresponds to the close of trade in Brookfield Infrastructure units on the NYSE on 9 December 2015 (New York time)).

Consequently, Grant Samuel believes it would be appropriate to revise the A\$/US\$ exchange rate from A\$1=US\$0.68-0.72 to A\$1=US\$0.70-0.74. This range compared to recent A\$/US\$ exchange rates is shown on the chart below:

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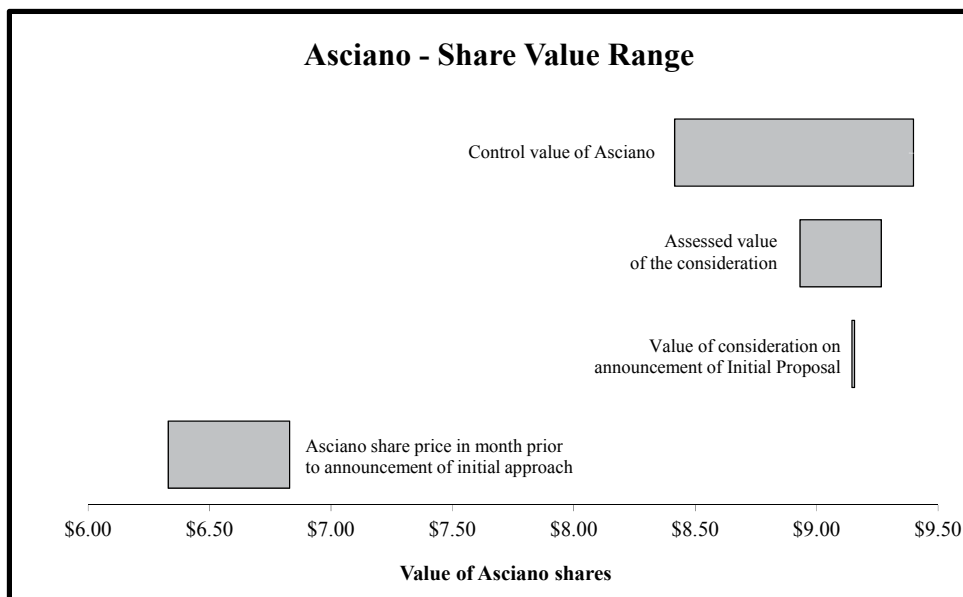
Source: IRESS

On this basis, the consideration under the Brookfield Offer has a value of A\$8.93-9.27 (mid point A\$9.10).

6 Evaluation of the Brookfield Offer

Value

The assessed value of the consideration under the Brookfield Offer of A\$8.93-9.27 per share falls within Grant Samuel’s estimate of the full underlying value of Asciano of A\$8.42-9.40 per share:



Accordingly, the Brookfield Offer is fair and therefore it is reasonable.

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In evaluating the fairness of the Brookfield Offer, it needs to be recognised that the value of the consideration will depend on the market price of Brookfield Infrastructure units and the A\$/US\$ exchange rate at the time the consideration is paid (assuming the offer succeeds). The value received at that time could be more or less than A\$8.93-9.27. The impact of movements in the exchange rate and the Brookfield Infrastructure unit price on the value of the consideration is illustrated in the following table:

Brookfield Offer – Value of Consideration (A\$) ¹⁰									
Brookfield Infrastructure unit price (US\$)	A\$/US\$ Exchange Rate								
	0.80	0.78	0.76	0.74	0.72	0.70	0.68	0.66	0.64
22.00	8.01	8.04	8.06	8.09	8.13	8.16	8.20	8.23	8.27
24.00	8.10	8.13	8.17	8.20	8.23	8.27	8.31	8.35	8.40
26.00	8.20	8.23	8.27	8.30	8.34	8.38	8.42	8.47	8.52
28.00	8.30	8.33	8.37	8.41	8.45	8.49	8.54	8.59	8.64
30.00	8.40	8.43	8.47	8.51	8.56	8.60	8.65	8.70	8.76
32.00	8.49	8.53	8.57	8.62	8.66	8.71	8.77	8.82	8.88
34.00	8.59	8.63	8.68	8.72	8.77	8.82	8.88	8.94	9.00
36.00	8.69	8.73	8.78	8.83	8.88	8.93	8.99	9.05	9.12
38.00	8.78	8.83	8.88	8.93	8.99	9.04	9.11	9.17	9.24
40.00	8.88	8.93	8.98	9.04	9.09	9.16	9.22	9.29	9.36
42.00	8.98	9.03	9.08	9.14	9.20	9.27	9.33	9.41	9.48
44.00	9.07	9.13	9.18	9.24	9.31	9.38	9.45	9.52	9.60
46.00	9.17	9.23	9.29	9.35	9.42	9.49	9.56	9.64	9.73
48.00	9.27	9.33	9.39	9.45	9.52	9.60	9.68	9.76	9.85

There is a risk that a decline in the Brookfield Infrastructure unit price and/or a strengthening of the A\$ against the US\$ will cause the value of the consideration to fall below the bottom end of the assessed value range of Asciano. However, as the scrip component represents only approximately 24% of the total consideration the decline in the Brookfield Infrastructure unit price would have to be extreme and sustained. At current exchange rates of around A\$1 = US\$0.72, the Brookfield Infrastructure unit price would need to decline to around US\$27.50 for the value of the standard consideration to fall below the bottom end of the estimated value range of Asciano. Brookfield Infrastructure units have not traded at these levels since the end of 2011.

Other Issues Relating to the Brookfield Offer

As part of the consideration under the Brookfield Offer comprises Brookfield Infrastructure CDIs, there are a number of other factors for Asciano shareholders to take into account. These were considered in detail in the First Asciano Report (in particular Sections 8.3.3 and 8.3.4) and are recapped in summary form below.

Advantages and benefits for Asciano shareholders include the following:

- Asciano shareholders who retain the Brookfield Infrastructure CDIs received as consideration will:
 - retain an exposure to the growth opportunities of the Asciano business, albeit on a significantly diluted basis relative to their current position (Asciano shareholders will collectively own approximately 14% of Brookfield Infrastructure which, in turn, will own 55% of Asciano¹¹);

¹⁰ The shaded cells in the table represent those combinations of Brookfield Infrastructure unit prices and A\$/US\$ exchange rates for which the value of the consideration falls below Grant Samuel’s valuation range for Asciano. The boxed cells represent the value attributed by Grant Samuel to the consideration.

¹¹ Assuming the Brookfield Consortium acquires 100% of Asciano.

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- have an exposure to Brookfield Infrastructure’s existing infrastructure assets, which are diversified by asset class and geography and which offer considerable risk reduction benefits through diversification; and
- have the potential to benefit from any synergy benefits extracted by Brookfield Infrastructure from its acquisition of Asciano.

The CDIs will be listed on the ASX and it is expected that Brookfield Infrastructure will be eligible (subject to meeting the necessary requirements) to be included in the S&P/ASX 100 and S&P/ASX 200 indices. The listing should ensure that most institutional holders that have mandate restrictions can continue to hold the Brookfield Infrastructure scrip and index inclusion will support liquidity in the trading on the ASX; and

- the consideration includes a special dividend of up to A\$0.90 per share, which is expected to be fully franked. Some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain).

Disadvantages and risks include:

- in respect of the scrip component, Asciano shareholders will receive securities that have a different investment risk profile and certain features that may be unattractive:
 - there will be an exposure to a large number of individual assets across a wide variety of asset classes and geographies (compared to Asciano’s much more focused business);
 - shareholders who retain their Brookfield Infrastructure CDIs will have a very different set of currency risks going forward;
 - the ownership arrangements for Brookfield Infrastructure’s assets are complex with numerous partly owned assets and multiple co-investors;
 - Brookfield Infrastructure operates with a significantly higher degree of leverage than Asciano;
 - Brookfield Infrastructure is a materially less liquid security than Asciano;
 - Brookfield Infrastructure is externally managed by Brookfield Asset Management, for which it receives an annual management fee of 1.25% of the fully diluted market value of Brookfield Infrastructure plus recourse debt less net cash (US\$120 million in the 12 months ended 30 June 2015). This fee will apply to the increased market capitalisation and recourse debt arising from the Brookfield Offer.

In addition, Brookfield Asset Management is entitled to incentive distributions equivalent to 15% of distributions above US\$0.305 per quarter (up to US\$0.33) and 25% of distributions above US\$0.33 per quarter. Incentive distributions have increased substantially since 2011 and, given the structure, they are likely to continue to grow faster than distributions to limited partnership unitholders and become larger relative to the base management fee;

- the governance structure of Brookfield Infrastructure and the rights attaching to Brookfield Infrastructure limited partnership units are significantly different to the structure of Asciano and the rights of Asciano shareholders. Key issues include:
 - Brookfield Infrastructure is controlled by its general partner, a subsidiary of Brookfield Asset Management, rather than a board of directors. The general partner, subject to certain constraints, has absolute discretion in relation to the management of Brookfield Infrastructure;
 - Brookfield Infrastructure limited partnership unitholders have no rights to elect or remove the directors of the general partner;
 - Brookfield Infrastructure limited partnership unitholders have no right to remove the general partner;
 - Brookfield Asset Management can sell its interest in the general partner without the approval of Brookfield Infrastructure limited partnership unitholders;

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- Brookfield Infrastructure limited partnership unitholders have no right to call a meeting of Brookfield Infrastructure;
- fiduciary duties owed by the general partner to Brookfield Infrastructure have been modified; and
- the general partner has the ability to issue up to 25% of Brookfield Infrastructure’s issued capital without approval from Brookfield Infrastructure limited partnership unitholders.

The effect of these arrangements, combined with Brookfield Asset Management’s effective 29% interest in Brookfield Infrastructure, means that there is little prospect of a change of control transaction (and therefore the receipt of a control premium) without the co-operation and support of Brookfield Asset Management; and

- the Brookfield Infrastructure CDIs are, for practical purposes, economically equivalent to Brookfield Infrastructure units. However, holders of CDIs are unable to attend meetings of Brookfield Infrastructure limited partners and, to the extent that limited partners are entitled to vote, the process for a CDI holder exercising their vote is potentially more cumbersome. In addition, CDIs can only be traded on the ASX, which may impact the liquidity and trading price relative to Brookfield Infrastructure units traded on the New York Stock Exchange or the Toronto Stock Exchange. Brookfield Infrastructure CDI holders can convert their CDIs into units in Brookfield Infrastructure which can then be traded on the New York Stock Exchange or the Toronto Stock Exchange.

While these matters may be of concern to Asciano shareholders:

- Brookfield Infrastructure appears to be well accepted by the investment community in the United States and Canada;
- Brookfield Infrastructure has a very strong track record on delivering improved performance from its investments that has, in turn, generated significant and consistent growth in underlying profits (on a proportionate basis) and distributions to unitholders. The result has been a very high level of total returns to investors;
- Brookfield Infrastructure has a BBB+ credit rating (higher than Asciano’s BBB credit rating) due to the high degree of diversification of Brookfield Infrastructure;
- the management fees and incentive distributions, while material, are effectively already reflected in the trading price of Brookfield Infrastructure units. Similarly, any of the governance concerns should also already be incorporated into the unit price; and
- Asciano shareholders who are uncomfortable with exposure to Brookfield Infrastructure are able to sell the Brookfield Infrastructure CDIs they receive as part of the consideration;
- there will be risks attached to the integration of Asciano’s businesses into the operations of Brookfield Infrastructure. There is also a risk that Brookfield Infrastructure has failed to identify specific issues in Asciano through its due diligence which could result in adverse impacts on operating earnings or additional costs. However, to the extent these risks would have arisen in any event, Asciano shareholders are better off having a diluted exposure to them as unitholders in Brookfield Infrastructure;
- future distributions from Brookfield Infrastructure will not be franked for Australian income tax purposes; and
- shareholders may incur capital gains tax on the total consideration under the Brookfield Offer but will only receive approximately 76% of the consideration in cash. However, any tax liabilities will not exceed the total cash received.

In addition, the change from the Initial Proposal to the Brookfield Offer and the introduction of a 50.1% minimum acceptance condition means that it is conceivable that the Brookfield Consortium will end up with control of Asciano but with less than 100%. Asciano could remain a listed entity with minority shareholders. Such an outcome would have some adverse consequences for Brookfield Infrastructure (and therefore the price of its units) but they are unlikely to be material:

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- even under the Initial Proposal, Brookfield Infrastructure would not have owned 100% of Asciano. It has only a 55% effective economic interest in the Brookfield Consortium (which was intended to be the long term holder of Asciano);
- partial ownership of businesses and assets is not uncommon in the infrastructure sector. Brookfield Infrastructure owns less than 100% of a number of its significant assets (e.g. South American toll roads and United Kingdom ports) and even owns less than 50% of some assets;
- based on public statements, the Brookfield Offer was not premised on realising significant synergies from head office cost savings or integration of Asciano’s businesses (specifically Pacific National) with Brookfield Infrastructure’s other Australian rail related assets (US\$15 million was flagged by Brookfield Infrastructure in a conference call presentation following announcement of the Initial Proposal). Moreover, potential synergies such as the leveraging of Asciano’s port automation expertise should still be achievable under partial ownership; and
- the Bidder’s Statement from the Brookfield Consortium states that a 50.1% acquisition would still be accretive to Brookfield Infrastructure in terms of adjusted funds from operations (“AFFO”) per unit (based on pro forma results for the six months to 30 June 2015). The increase is 4.5%, compared to 5.6% under a 100% scenario.

In any event, if the Brookfield Consortium meets the 50.1% minimum acceptance condition, there is a reasonable likelihood of obtaining 100%. There is no obvious strategic or financial reason for Qube to maintain its shareholding in Asciano in these circumstances.

In Grant Samuel’s opinion, while these disadvantages and risks are not inconsequential, most have mitigating factors and they are not sufficiently material to change the conclusion that the Brookfield Offer is fair and reasonable.

7 Ramifications of the Indicative Qube Offer

The emergence of the Indicative Qube Offer has complicated the situation for Asciano shareholders. At this stage it is only a preliminary proposal and therefore will only be of relevance to Asciano shareholders if, and when, it becomes a formal offer capable of acceptance. If it does so, then shareholders will have a choice between two competing offers.

Grant Samuel has estimated the value of the consideration under the Brookfield Offer to be in the range A\$8.93-9.27. The offer represents the following values based on recent share prices and exchange rates:

Brookfield Offer – Value of the Consideration					
	Brookfield Infrastructure Unit Price (US\$)	Brookfield Infrastructure Unit Price (A\$)	Value of Scrip Component (A\$)	Cash Component (A\$)	Total Value (A\$)
Closing Price 9 December 2015	37.67	52.09	2.0158	6.9439	8.9597
One week VWAP to 9 December 2015	38.68	53.20	2.0588	6.9439	9.0027
One month VWAP to 9 December 2015	40.43	56.06	2.1694	6.9439	9.1133

Assuming that any definitive offer from the Qube Consortium delivers value equivalent to the A\$9.25 stated in the Indicative Qube Offer, the two offers are very close in value (depending on day to day movements in unit prices and exchange rates) and both would be fair and reasonable. In addition, the Indicative Qube Offer states that the mix between cash and scrip would be substantially the same as that under the Brookfield Offer.

At the same time:

- a definitive view on the value of any offer from the Qube Consortium cannot be formed until the precise terms are detailed (in particular the number of Qube shares to be offered); and

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- as both involve a significant proportion of scrip consideration, the values attributable to each offer will vary in line with movements in the respective market prices of the securities offered and, in the case of the Brookfield Offer, the A\$/US\$ exchange rate. Asciano shareholders will need to monitor these security prices and exchange rates over the period of the offers in case the relative value of the offers begins to diverge and one or other becomes clearly superior in value terms.

As the two offers may be broadly comparable in value terms, the decision for shareholders will turn on:

- the likelihood of either offer becoming unconditional; and
- the relative merits of Brookfield Infrastructure CDIs and Qube shares.

This choice will depend on the personal preferences of each individual shareholder and will reflect their own circumstances and attitudes including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

In relation to the likelihood of completion:

- the Brookfield Offer has a minimum acceptance condition of 50.1%. If the Qube Consortium refused to accept the Brookfield Offer, the Brookfield Consortium will need to gain acceptances from approximately half of the remaining shareholders (circa 30% of 60%) to meet this condition;
- the Indicative Qube Offer did not include a statement as to any proposed minimum acceptance condition and until this becomes clear it is not possible to weigh up the prospects for success; and
- the ACCC has decided that the undertakings offered by the Brookfield Consortium in relation to concerns over vertical integration were not acceptable. The Brookfield Consortium is continuing to actively explore solutions with the ACCC, including structural undertakings. A final decision is not expected to be made by the ACCC until 17 December 2015 and there is no certainty that the Brookfield Offer will be able to proceed.

In contrast, the Qube Consortium has stated that it does not expect that any formal offer will need to include an ACCC condition, although the ACCC has subsequently announced a formal review of the Indicative Qube Offer and the Qube Consortium has lodged a formal submission to the ACCC. The ACCC is not expected to make its decision on the Indicative Qube Offer until 18 February 2016.

The relative merits of scrip in Brookfield Infrastructure and Qube cannot be meaningfully analysed until a detailed offer document is released by the Qube Consortium. The offer document should include important information for Asciano shareholders that will enable them to make an informed decision including:

- the basis of the carve up between Qube, GIP and CPPIB (e.g. as to prices attributed to the various businesses) and the sharing of exposure to the risks relating to the sale of BAPS and ACFS;
- strategy for the combined Qube, Patrick T&L’s container terminal business and AAT business;
- pro forma financial information for Qube incorporating the various businesses to be acquired from Asciano (balance sheet, historical and forecast earnings, cash flows etc.);
- synergies anticipated by Qube;
- integration and other risk factors for Qube arising from the acquisition;
- the impact on Qube dividends and future dividend policy; and
- the impact on Qube if the Qube Consortium does not succeed in acquiring 100% of Asciano (if it has a minimum acceptance condition of less than 90%) and the plans for dealing with this situation.

The situation is likely to change significantly over the coming weeks:

- the Indicative Qube Offer may become a formal offer capable of acceptance (accompanied by a detailed offer document) or it may fall away;

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- the ACCC issues should become clearer;
- the relative values of the two proposals may shift; and
- there may be further developments (e.g. changes to offer terms).

Accordingly, it would be prudent for Asciano shareholders to wait until these matters are resolved or clarified before making a final decision in relation to the Brookfield Offer.

8 Qualifications, Declarations and Consents

8.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally) as well as marketing and distribution services to fund managers. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert’s reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 500 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Wilson MCom (Hons) CA (NZ) SF Fin and Jaye Gardner BCom LLB (Hons) CA SF Fin GAICD. Both have a significant number of years of experience in relevant corporate advisory matters and are representatives of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

8.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel’s opinion as to whether the Brookfield Offer is fair and reasonable. Grant Samuel expressly disclaims any liability to any Asciano shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Target’s Statement issued by Asciano and has not verified or approved any of the contents of the Target’s Statement. Grant Samuel does not accept any responsibility for the contents of the Target’s Statement (except for this report).

Grant Samuel has had no involvement in Asciano’s due diligence investigation in relation to the Target’s Statement and does not accept any responsibility for the completeness or reliability of the process which is the responsibility of Asciano.

8.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Asciano, Brookfield Infrastructure (or its affiliates) or Qube (or its affiliates), or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Brookfield Offer.

Grant Samuel advises that:

- between September and December 2014, Grant Samuel Debt Structuring & Advisory Pty Limited, a related party to Grant Samuel, provided debt advisory services to Qube in relation to a refinancing of corporate debt facilities;
- in June 2015, Grant Samuel Corporate Finance Pty Limited, a related party to Grant Samuel, was retained by Patrick Auto, Bulk & General Ports Pty Limited, a wholly owned subsidiary

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of Asciano and 50% owner of Port of Geelong Unit Trust, in connection with the renegotiation of the Port Operating Agreements for the Port of Geelong. This assignment was completed in July 2015. Grant Samuel Corporate Finance Pty Limited received a total fee (based on hours incurred) of less than A\$120,000 for this service; and

- on 29 September 2015, it issued an independent expert’s report in relation to the Initial Proposal. Grant Samuel received a fee of A\$1.1 million for this assignment.

Grant Samuel had no part in the formulation of the Initial Proposal or the Brookfield Offer. Its only role has been the preparation of this report and the First Asciano Report.

Grant Samuel will receive a fee of approximately A\$50,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Brookfield Offer. Grant Samuel’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

8.4 Declarations

Asciano has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving negligence or wilful misconduct by Grant Samuel. Asciano has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by Asciano are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to Asciano and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

8.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Target’s Statement to be sent to shareholders of Asciano. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

8.6 Other

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the end of this report.

The opinion set out in this report is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully
GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

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Financial Services Guide

Grant Samuel & Associates Pty Limited (“Grant Samuel”) holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide (“FSG”) in connection with its provision of an independent expert’s report (“Report”) which is included in a document (“Disclosure Document”) provided to members by the company or other entity (“Entity”) for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel’s client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for Asciano Limited in relation to the proposed takeover offer from Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. and its consortium partners (“the Supplementary Asciano Report”), Grant Samuel will receive a fee of approximately A\$50,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 8.3 of the Supplementary Asciano Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Supplementary Asciano Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 8.3 of the Supplementary Asciano Report:

“Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with Asciano, Brookfield Infrastructure (or its affiliates) or Qube (or its affiliates), or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Brookfield Offer.

Grant Samuel advises that:

- *between September and December 2014, Grant Samuel Debt Structuring & Advisory Pty Limited, a related party to Grant Samuel, provided debt advisory services to Qube in relation to a refinancing of corporate debt facilities;*
- *in June 2015, Grant Samuel Corporate Finance Pty Limited, a related party to Grant Samuel, was retained by Patrick Auto, Bulk & General Ports Pty Limited, a wholly owned subsidiary of Asciano and 50% owner of Port of Geelong Unit Trust, in connection with the renegotiation of the Port Operating Agreements for the Port of Geelong. This assignment was completed in July 2015. Grant Samuel Corporate Finance Pty Limited received a total fee (based on hours incurred) of less than A\$120,000 for this service; and*
- *on 29 September 2015, Grant Samuel issued an independent expert’s report in relation to the Initial Proposal. Grant Samuel received fees of A\$1.1 million for this assignment.*

Grant Samuel had no part in the formulation of the Initial Proposal or the Brookfield Offer. Its only role has been the preparation of this report and the First Asciano Report.

Grant Samuel will receive a fee of approximately A\$50,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Brookfield Offer. Grant Samuel’s out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.”

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Ombudsman Service, No. 11929. If you have any concerns regarding the Asciano Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Financial Ombudsman Service at GPO Box 3 Melbourne VIC 3001 or 1300 780 808. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the Supplementary Asciano Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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