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ASX/MEDIA RELEASE

Date: 21 April 2016

ASCIANO SCHEME BOOKLET REGISTERED WITH ASIC

- ***Australian Securities and Investments Commission ("ASIC") has registered the Scheme Booklet attached to this announcement.***
- ***The Independent Expert has concluded that the Scheme is in the best interests of Asciano shareholders, in the absence of a superior proposal***
- ***Asciano Directors unanimously recommend that Asciano shareholders vote in favour of the Scheme in the absence of a superior proposal.***

Asciano Limited (ASX: AIO, OTCUS: AIOYY) ("**Asciano**") today announces that ASIC has registered the Scheme Booklet in relation to the previously announced Scheme of Arrangement ("**Scheme**") under or in connection with a proposal whereby Australian Logistics Acquisition Investments Pty Limited, an entity controlled by a consortium comprising affiliates of Global Infrastructure Management, LLC, Canada Pension Plan Investment Board, CIC Capital Corporation, GIC Private Limited and British Columbia Investment Management Corporation ("**Rail Consortium**") will acquire 100% of the issued share capital of Asciano.

A copy of the Scheme Booklet, including the Independent Expert's Report and a notice of Scheme Meeting, is attached to this announcement and will be sent to Asciano shareholders on or about Monday, 2 May 2016.

The Scheme Booklet also contains details with respect to the proposed sales, in connection with the Scheme, of Asciano's Ports Business and Asciano's BAPS Business ("**Sale Transactions**") to, in the case of Ports, a consortium comprising affiliates of Qube Holdings Limited, Brookfield Infrastructure Partners L.P, GIC Private Limited, British Columbia Investment Management Corporation and Qatar Investment Authority ("**Ports Consortium**"), and, in the case of BAPS, a consortium comprising affiliates of Brookfield Infrastructure Partners L.P, GIC Private Limited, British Columbia Investment Management Corporation and Qatar Investment Authority ("**BAPS Consortium**") (the members of the Rail Consortium, Ports Consortium and BAPS Consortium being, collectively, the "**Joint Consortium**").

The Independent Expert, Grant Samuel & Associates Pty Limited, has concluded that the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium, in the absence of a superior proposal. The Independent Expert has also concluded that each Sale Transaction is fair and reasonable to Asciano shareholders not associated with the Joint Consortium. The Independent Expert's conclusions should be read in context with the full Independent Expert's Report and the Scheme Booklet attached to this announcement.

Asciano's Board of Directors unanimously recommends that Asciano shareholders vote in favour of the Scheme, in the absence of a superior proposal.

Scheme Meeting

The Scheme Meeting will be held on Friday, 3 June 2016 in the Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney, commencing at 10:00am.

Investor and Analyst Enquiries:
Kelly Hibbins
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Email: Kelly_hibbins@asciano.com.au

Media Enquiries:
Mathew Charles
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All Asciano shareholders are encouraged to vote either by attending the Scheme Meeting in person, or by lodging a proxy vote by 10.00am on Wednesday, 1 June 2016. Details of how to lodge a proxy vote are included in the Scheme Booklet.

Indicative timetable[1]

Event	Expected date
Scheme Booklet despatched to Asciano shareholders	Monday, 2 May 2016
Scheme Meeting to vote on the Scheme	Friday, 3 June 2016
Second Court Date for approval of the Scheme	Thursday, 9 June 2016
Effective Date of the Scheme	Friday, 10 June 2016
Special Dividend Record Date	Wednesday, 15 June 2016
Special Dividend Payment Date	Thursday, 23 June 2016
Record date for determining entitlement to Scheme Consideration	Friday, 24 June 2016
Completion of each of the Sale Transactions	Wednesday, 29 June 2016
Scheme Implementation Date	Thursday, 30 June 2016

Special Dividend

Asciano is permitted to pay a fully franked Special Dividend of up to A$0.90 per Asciano share before the Scheme Implementation Date. The actual amount of the Special Dividend will be determined by the Directors but must not exceed an amount that can be fully franked based on Asciano's franking account balance as at the Implementation Date. The franking account balance is expected to cover a fully franked dividend of at least $0.80 per Asciano share[2]. To the extent that a Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend.

Whether an Asciano shareholder is able to capture the full benefit of the franking credits associated with the Special Dividend will depend on their personal tax circumstances, including whether they satisfy relevant 45-day 'holding period rules' described in Section 7 of the Scheme Booklet. Applying the expected timetable, an Asciano shareholder who holds their Asciano shares at risk for a continuous period from at least 9 May 2016 to 23 June 2016 (inclusive) should satisfy the 'holding period rules'. See Section 7 of the Scheme Booklet for further details.

Further Information

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

For further information, please contact:

Investors and analysts	Media
Kelly Hibbins	Mathew Charles
tel: +61 2 8484 8046	tel: +61 2 8484 8082
mobile: +61 414 609 192	mobile: +61 422 006 515
email: kelly_hibbins@asciano.com.au	email: media@asciano.com.au

- Ends -

[1] All dates following the Scheme Meeting are indicative only and subject to change.
[2] The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

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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 vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

SCHEME BOOKLET

In relation to a recommended proposal from BidCo to acquire all Asciano Shares (other than Asciano Shares held by the Excluded Shareholders) via a scheme of arrangement.

Your Directors unanimously recommend that you **VOTE IN FAVOUR** of the Scheme in the absence of a Superior Proposal.

Financial Advisors

Goldman Sachs

GRESHAM INVESTMENT HOUSE

Legal Advisor

KING&WOOD MALLESONS

Important notices

This Scheme Booklet contains important information

This Scheme Booklet is the explanatory statement required to be sent to Asciano Shareholders under Part 5.1 of the Corporations Act in relation to the Scheme.

The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which the Scheme will be considered and implemented (if approved by the Requisite Majority of Eligible Asciano Shareholders and by the Court) and to provide information as prescribed or which is otherwise material to the decision of Eligible Asciano Shareholders whether or not to vote in favour of the Scheme.

Eligible Asciano Shareholders should read this document in its entirety before making a decision as to how to vote. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

Not a disclosure document

This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act.

Responsibility for information

The information contained in this Scheme Booklet other than the Rail Consortium Information, the Ports Consortium Information, the BAPS Consortium Information and the Independent Expert's Report ("**Asciano Information**") has been prepared by Asciano and is the responsibility of Asciano. No Consortium Member, nor any of their directors, officers or advisors assume any responsibility for the accuracy or completeness of that information.

The Rail Consortium Information has been prepared by the Rail Consortium and is the responsibility of the Rail Consortium.

The Ports Consortium Information has been prepared by the Ports Consortium and is the responsibility of the Ports Consortium.

The BAPS Consortium Information has been prepared by the BAPS Consortium and is the responsibility of the BAPS Consortium.

Neither Asciano nor any of its Directors, its officers or advisors assume any responsibility for the accuracy or completeness of the Rail Consortium Information, the Ports Consortium Information or the BAPS Consortium Information.

Grant Samuel has prepared the Independent Expert's Report in relation to the Scheme contained in Annexure A and takes responsibility for that report.

ASIC and ASX involvement

A copy of this Scheme Booklet has been reviewed by ASIC for the purposes of section 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. ASIC's policy in relation to statements under section 411(17)(b) of the Corporations Act is that it will not provide such a statement until the Second Court Date. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX and registered by ASIC pursuant to section 412(6) of the Corporations Act.

Neither ASIC nor ASX nor any of their respective officers take any responsibility for the contents of this Scheme Booklet.

Forward looking statements

Certain statements in this Scheme Booklet 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 Scheme Booklet. Additionally, statements of intention in this Scheme Booklet reflect present intentions as at the date of this document and may be subject to change.

Other than as required by law, none of Asciano, its Directors or officers, any Consortium Member, their 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 Scheme Booklet will actually occur and you are cautioned not to place undue reliance on any forward looking statement.

Subject to any continuing obligations under law or the ASX Listing Rules, Asciano and the Directors disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet 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.

Investment advice

The information contained in this Scheme Booklet does not constitute financial product advice. In preparing this Scheme Booklet, 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 Scheme Booklet in light of your particular circumstances. If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

Important notice associated with Court order under section 411(1) of the Corporations Act

The fact that under section 411(1) of the Corporations Act the Court has, at the First Court Hearing, ordered that a meeting be convened and has approved the explanatory statement required to accompany the notice of the meeting does not mean that the Court:

(a) has formed any view as to the merits of the proposed Scheme or as to how Eligible Asciano Shareholders should vote (on this matter Eligible Asciano Shareholders must reach their own decision); or

(b) has prepared, or is responsible for the content of, the explanatory statement.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

Notice of Scheme Meeting

The Notice of Meeting is set out in Annexure E.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any Asciano Shareholder may appear at the Second Court Hearing expected to be held on Thursday, 9 June 2016 at the Supreme Court of New South Wales, 184 Phillip St, Sydney.

Any Asciano Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Asciano a notice of appearance in the prescribed form together with any affidavit that the Asciano Shareholder proposes to rely on.

Shareholders outside Australia

This Scheme Booklet is subject to Australian disclosure requirements.

The release, publication or distribution of this Scheme Booklet in jurisdictions other than 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.

This Scheme Booklet has been prepared solely in accordance with Australian law and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

This Scheme Booklet has been prepared in accordance with the disclosure requirements of Australia, which are different from those of the United States.

This Scheme Booklet has not been filed with or reviewed by the SEC or any state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of this Scheme Booklet. Any representation to the contrary is a criminal offence.

The enforcement by investors of civil liabilities under applicable U.S. laws may be affected adversely by the fact that Asciano and certain Consortium Members are incorporated or organised outside the United States, that some or all of their respective officers and directors and the expert named in this Scheme Booklet are residents of a foreign country, and that all or a substantial portion of the assets of Asciano, the Consortium Members and said persons are located outside the United States. As a result, it may be difficult or impossible for investors in the United States to effect service of process within the United States upon Asciano or a Consortium Member, their respective officers or directors or

the expert named in this Scheme Booklet, or to realise against them upon judgments of courts of the United States predicated upon any applicable laws of the United States, including any state within the United States.

Tax implications of the Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme Shareholders which may include tax being payable on any gain on disposal of Asciano Shares.

For further detail regarding the general Australian tax consequences of the Scheme and the Special Dividend, refer to Section 7. 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

Asciano, BidCo, Rail Consortium Members and Asciano's Registry may collect personal information in the process of implementing the Scheme. This information may include the names, contact details and security holdings of Asciano Shareholders and the names of persons appointed by an Eligible Asciano Shareholder to act as proxy, attorney or corporate representative of the Eligible Asciano Shareholder at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of collecting this information is to assist Asciano, BidCo and Rail Consortium Members to conduct the Scheme Meeting and to implement the Scheme. Personal information of the type described above may be disclosed to the Asciano Registry, print and mail service providers, authorised securities brokers and Related Bodies Corporate of Asciano, BidCo and Rail Consortium Members.

Asciano Shareholders have certain rights to access personal information that has been collected. They should contact the Asciano Registry in the first instance, if they wish to access their personal information.

Eligible 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 Scheme Booklet are defined in the Glossary.

A reference to a Section or Annexure is a reference to a section of, or annexure to, this Scheme Booklet, unless otherwise stated.

Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different from those in the Glossary.

Any diagrams, charts, graphs and tables appearing in this Scheme Booklet 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 Scheme Booklet 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. A reference to C$ and CAD is to the currency of Canada.

All times referred to in this Scheme Booklet are references to times in Sydney, Australia, unless otherwise stated.

Asciano's website

The content of Asciano's website does not form part of this Scheme Booklet and Asciano Shareholders should not rely on that content.

Date

This Scheme Booklet is dated 21 April 2016.

Contents

Shareholder Information Line

Asciano has established a Shareholder Information Line which Asciano Shareholders should call if they have any questions in relation to the Scheme.

The telephone number for the Shareholder Information Line is 1300 729 310 (within Australia) or +61 3 9415 4608 (outside Australia). The Shareholder Information Line is open Monday to Friday from 9:00am to 5:00pm (Sydney time).

This Scheme Booklet contains important information about the Scheme and it will help you make an informed decision about how to vote.

Important dates

Date	Event
Wednesday, 1 June 2016 at 10:00am	Latest time and date for receipt of proxy forms for Scheme Meeting
Wednesday, 1 June 2016 at 7:00pm	Scheme Meeting Record Date for determining eligibility to vote at the Scheme Meeting
Friday, 3 June 2016 at 10:00am	Scheme Meeting to be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney
If the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders	
Tuesday, 7 June 2016	Announcement of Special Dividend (if any) to the ASX, conditional on the Scheme becoming Effective
Thursday, 9 June 2016	Second Court Date for approval of the Scheme
Friday, 10 June 2016	**Effective Date** Court order is lodged with ASIC and Scheme takes effect Last day of trading in Asciano Shares on the ASX
Wednesday, 15 June 2016 at 7:00pm	**Special Dividend Record Date**[1] Record date for determining entitlement to Special Dividend
Thursday, 23 June 2016	**Special Dividend Payment Date** Date of payment of Special Dividend
Friday, 24 June 2016 at 7:00pm	**Scheme Record Date** Record date for determining entitlement to Scheme Consideration
Wednesday, 29 June 2016	**Completion of the Ports Sale Transaction and the BAPS Sale Transaction**
Thursday, 30 June 2016	**Implementation Date** Payment of Scheme Consideration (by either cheque or electronic funds transfer to the nominated bank accounts used for dividend payments)

Note: all dates stated above or throughout this Scheme Booklet are indicative only and (among other things) are subject to all necessary approvals from the Court. Any changes to the above timetable (which may include an earlier or later date for the Second Court Date) will be announced through ASX and notified on Asciano's website (www.asciano.com.au).

1. See Section 2.4 for information regarding the Special Dividend and circumstances in which it may be paid.

Letter from the Chairman of Asciano

Important Note

- This is a proposal under which an entity controlled by the Rail Consortium Members or their respective Related Corporations proposes to acquire all of the Asciano Shares (other than those held by the Excluded Shareholders) by way of scheme of arrangement.
- Under the terms of the Scheme, Asciano Shareholders (other than the Excluded Shareholders) will receive Scheme Consideration of $9.15 per Asciano Share reduced by the cash value of any special Dividend paid by Asciano after the date of this Scheme Booklet.
- The Ports Sale Transaction and the BAPS Sale Transaction form part of the overall Consortium Proposal but Asciano Shareholders are not required to vote separately on those transactions and those transactions will not impact the value of the Scheme Consideration.

Dear Eligible Asciano Shareholder,

On behalf of the Asciano Board, I am pleased to provide you with this Scheme Booklet that contains important information in relation to the proposed Scheme.

On 15 March 2016, Asciano announced that it had entered into binding documentation (including a Scheme Implementation Deed) with a Consortium comprising Qube, Brookfield, GIP, CPPIB, Shunrong, Qatar Investco, Buckland and bcIMC in relation to the Consortium Proposal, pursuant to which BidCo will acquire all Asciano Shares not already owned by certain Consortium Members by way of scheme of arrangement. The announcement followed consideration of a number of alternative transactions that are no longer being pursued.

This Scheme Booklet sets out details of the proposed Scheme and important matters relevant to your vote in relation to the Scheme. Under the Scheme Implementation Deed and associated documentation, it is proposed that BidCo, a vehicle controlled by the Rail Consortium Members or their respective Related Corporations, will acquire 100% of the Asciano Shares for Scheme Consideration of $9.15 per Asciano Share. The Scheme Consideration will be reduced by the cash value of any Special Dividend paid by Asciano after the date of this Scheme Booklet but not by the Interim Dividend of $0.13 per Asciano Share paid on 24 March 2016.

The Scheme Consideration of $9.15 per Asciano Share represents a 39.0% premium to the undisturbed VWAP of Asciano Shares during the five trading days leading up to and including 30 June 2015[2] of $6.58 and an EV/EBITDA multiple of approximately 10.4x based on Asciano's underlying EBITDA for the twelve months ended 31 December 2015.[3]

In addition to the fully franked Interim Dividend of $0.13 per Asciano Share that was paid on 24 March 2016, Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[4] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The payment of the Special Dividend is subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained. To the extent that the Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend. Those Asciano Shareholders who can capture the full benefit of the franking credits associated with the Special Dividend may receive an additional benefit valued at up to approximately $0.39 per Asciano Share if the Special Dividend is $0.90 per Asciano Share.[5]

The Asciano Board unanimously recommends that you vote in favour of the Scheme in the absence of a Superior Proposal at the Scheme Metting to be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney on 3 June 2016 at 10:00am. Each Asciano Director intends to vote in favour of the Scheme in respect of all Asciano Shares they own or control, in the absence of a Superior Proposal.

Further detail regarding the Asciano Board recommendation is set out on the following pages.

This Scheme Booklet also describes a number of transactions which are connected to the Scheme and which form part of or are connected to the Consortium Proposal. Those transactions include the Ports Sale Transaction under which an entity indirectly owned by Qube, Brookfield, Buckland, Qatar Investco and bcIMC will acquire Asciano's Ports Business for $2,915m,[6] and the BAPS Sale Transaction under which an entity indirectly owned by Brookfield, Buckland, Qatar Investco and bcIMC will acquire Asciano's BAPS Business for $925m.[7] Note that these transactions will only proceed if the conditions of the Scheme (including regulatory, shareholder and Court approvals) are satisfied and the Scheme becomes Effective. Asciano Shareholders are not required to vote separately on these connected transactions.

The Asciano Board commissioned Grant Samuel to prepare an Independent Expert's Report in respect of the Scheme, the Ports Sale Transaction and the BAPS Sale Transaction. The Independent Expert has assessed the full underlying value of Asciano to be in the range of $8.27 to $9.25 per Asciano Share after payment of the Interim Dividend and concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal. The Independent Expert has also concluded that each of the Ports Sale Transaction and the BAPS Sale Transaction is fair and reasonable to Non Consortium Asciano Shareholders. The full report of the Independent Expert is set out in Annexure A.

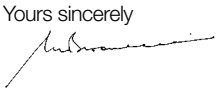
The Scheme is subject to a number of Conditions Precedent, including approval by the Requisite Majority of Eligible Asciano Shareholders and certain third party and regulatory approvals, which are described in Section 2.2. The Scheme can only be implemented if all relevant Conditions Precedent are satisfied or (where applicable) waived and the Ports Sale Transaction and the BAPS Sale Transaction complete. Further details on the risks that may prevent the Scheme from becoming Effective or being implemented are set out in Section 6.3.

The Directors urge you to read the Scheme Booklet (including the Independent Expert's Report) in its entirety as it contains important information that will need to be considered before you vote on the Scheme.

The Directors also strongly encourage you to participate in this important decision either by attending the meeting to vote or by completing the enclosed proxy form. If you have any questions about the Scheme or any other matter in this Scheme Booklet, you should contact Asciano's Shareholder Information Line on 1300 729 310 (within Australia) or +61 3 9415 4608 (outside Australia). The Shareholder Information Line is open Monday to Friday from 9:00am to 5:00pm (Sydney time).

If you are in any doubt as to what you should do, you should consult your legal, financial or other professional advisor. On behalf of the Asciano Board, I would like to take this opportunity to thank you again for your ongoing support of Asciano. Your Board believes that the proposed acquisition of Asciano by BidCo is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal.

Yours sincerely



Malcolm Broomhead
Chairman

Asciano Limited

2. Being the trading day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme.
3. The combined value of the Scheme Consideration of $9.15 per Asciano Share and the fully franked Interim Dividend of $0.13 per Asciano Share (excluding the potential benefit of franking credits associated with the Interim Dividend or Special Dividend) represents a 41.0% premium to the undisturbed VWAP of Asciano Shares during the five trading days leading up to and including 30 June 2015 (being the trading day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme). The EV/EBITDA multiple has been calculated using Asciano's net debt as at 31 December 2015.
4. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.
5. The maximum benefit associated with the franking credits will be less if the Special Dividend is less than $0.90 per Asciano Share. 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 are Asciano Shareholders on the Special Dividend Record Date and whether they satisfy relevant holding period rules.
6. The purchase price to be paid for the Ports Business is subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis.
7. The purchase price to be paid for the BAPS Business is subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis.

Reasons to VOTE IN FAVOUR of the Scheme

This Section sets out the reasons why the Directors consider that you should vote in favour of the Scheme. Whilst the Directors acknowledge that there are reasons to vote against the Scheme (see the following Section titled "Reasons why you may vote against the Scheme"), they believe that the reasons to vote in favour of the Scheme significantly outweigh the reasons to vote against the Scheme.

1 The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal

The Directors unanimously recommend that you vote in favour of the Scheme at the upcoming Scheme Meeting on 3 June 2016, in the absence of a Superior Proposal. In reaching their recommendation, the Directors have assessed the Scheme having regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Section of the Scheme Booklet.

Each Asciano Director intends to vote in favour of the Scheme in respect of all Asciano Shares they own or control, in the absence of a Superior Proposal.

2 The Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal

The Directors appointed Grant Samuel as Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is in the best interests of Non Consortium Asciano Shareholders.

The Independent Expert has assessed the Scheme Consideration of $9.15 per Asciano Share as being within the valuation range (as concluded by the Independent Expert) of $8.27 to $9.25 per Asciano Share after payment of the Interim Dividend.

Accordingly, the Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal.

The Independent Expert has made a number of observations in relation to the Scheme, including:

- The Consortium Proposal is the final outcome of a highly competitive process involving both the Brookfield Consortium and the Qube Consortium over a nine month period.
- While the offer price has not escalated dramatically, the competitive environment has transformed the offer into a 100% cash offer eliminating any of the uncertainties attached to any scrip component.
- It is reasonable to assume that the terms of the Consortium Proposal represent close to the maximum value realistically available to Asciano Shareholders in the current market environment.
- The consideration offered under the Scheme of $9.15 per Asciano Share represents substantial premiums over undisturbed trading prices (i.e. prior to announcement of the confidential, indicative, non-binding and conditional proposal from Brookfield on 1 July 2015).

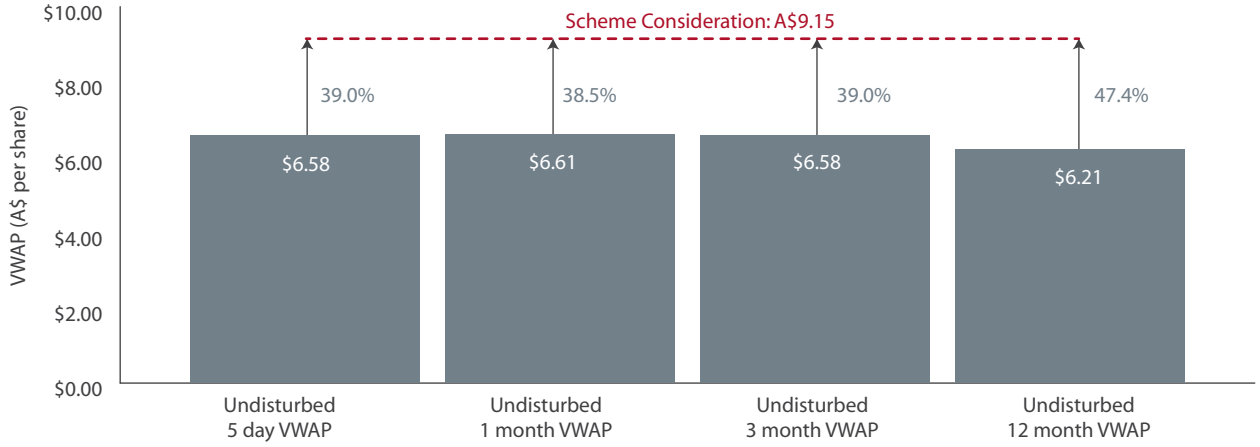
The Independent Expert has also concluded that each Sale Transaction is fair and reasonable to Non Consortium Asciano Shareholders.

Non Consortium Asciano Shareholders should carefully review the Independent Expert's Report in its entirety. A copy of the Independent Expert's Report is included in Annexure A.

3 The Scheme Consideration represents attractive value for Non Consortium Asciano Shareholders

The Scheme Consideration is $9.15 per Asciano Share, excluding the fully franked Interim Dividend already paid and the potential benefit of franking credits associated with both the Interim Dividend and the Special Dividend.[8]

The value of the Scheme Consideration at $9.15 per Asciano Share represents a significant premium over historical trading prices of the Asciano Shares over the three year period prior to 30 June 2015.[9]



The undisturbed VWAPs displayed above are based on cumulative trading for the respective periods up to and including 30 June 2015 being the trading day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme.

The Scheme Consideration represents an EV/EBITDA multiple of 10.4x based on Asciano's underlying EBITDA for the twelve months ended 31 December 2015.[10]

4 You will receive certain value of $9.15 cash per Asciano Share for your investment in Asciano

The Scheme Consideration is an all cash offer of $9.15 per Asciano Share which provides you with certainty of value for your Asciano Shares (subject to the Scheme being implemented).

The certainty of the all cash Scheme Consideration should be compared with the risks and the uncertainties of remaining an Asciano Shareholder, which include, but are not limited to, the risks set out in Section 6.

You will not incur any brokerage or stamp duty costs on the transfer of your Asciano Shares to BidCo pursuant to the Scheme.

5 Asciano Shareholders may receive a fully franked Special Dividend of up to $0.90 per Asciano Share (subject to Asciano's franking account balance being sufficient). This gives an additional benefit to certain Asciano Shareholders who are Australian tax residents

Subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained, Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[11] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The Scheme Consideration will be reduced to account for the cash value of any Special Dividend paid. The Special Dividend is currently expected to be paid on or about 23 June 2016 (although this may change).

8. The Scheme Consideration will be reduced by the cash value of any Special Dividend paid but not by the Interim Dividend of $0.13 per Asciano Share paid on 24 March 2016.
9. Being the trading day prior to Asciano confirming to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme.
10. The EV/EBITDA multiple is based on Scheme Consideration of $9.15 per Asciano Share and has been calculated using Asciano's net debt as at 31 December 2015.
11. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

Those Asciano Shareholders who can capture the full benefit of the franking credits associated with the Special Dividend may receive an additional benefit valued at up to approximately $0.39 per Asciano Share if the Special Dividend is $0.90 per Asciano Share.[12]

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".[13] See Section 7 for further details regarding the tax implications of the Scheme and the Special Dividend.

By way of illustration, if the Special Dividend is $0.90, an Asciano Shareholder which is a complying superannuation fund with a marginal tax rate of 15% will receive a refundable tax credit of approximately $0.19 per Asciano Share as a result of the franking credits, resulting in a total implied value of $9.54 per Asciano Share. See Section 7 for further details regarding the tax implications of the Scheme and the Special Dividend.

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

If the Scheme is not implemented, 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.

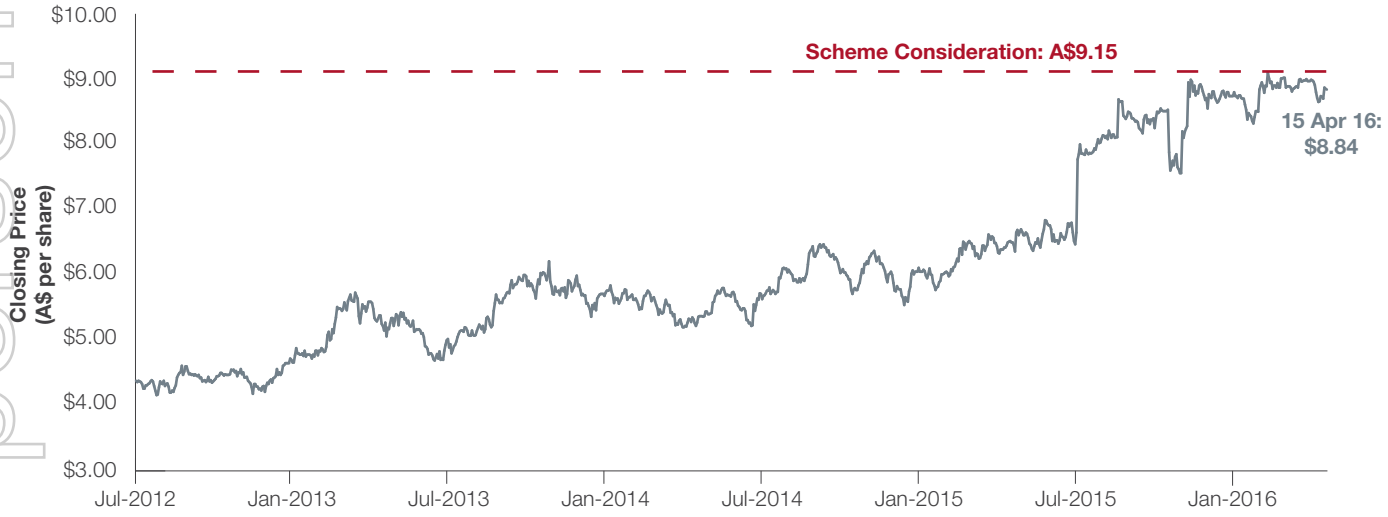
In addition, as at 15 April 2016, being the last practicable day before the date of this Scheme Booklet, the Consortium Members and their Related Bodies Corporate together hold 39.57% of the Asciano Shares on issue. If the Scheme does not become Effective, the Asciano Shares held by the Consortium Members and their Related Bodies Corporate may be divested.

Since Asciano confirmed to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme on 1 July 2015 until 15 April 2016, being the last practicable date before the date of this Scheme Booklet, the S&P/ASX200 index has fallen 6.5%.

Accordingly, if the Scheme is not implemented and no Superior Proposal emerges, the price at which Asciano Shares trade is likely to fall.

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

Asciano historical share price performance[14]



12. The maximum benefit associated with the franking credits will be less if the Special Dividend is less than $0.90 per Asciano Share.
13. Applying the expected timetable, an Asciano Shareholder who holds their Asciano Shares at risk during the period from 2 May 2016 to 23 June 2016 (inclusive) should satisfy the "holding period rules" and be eligible for the franking credit and tax offset. This issue is being addressed in the ATO Tax Ruling requested by Asciano. Eligible Asciano Shareholders should refer to the ATO Tax Ruling once it is published.
14. Market data as at 15 April 2016, being the last practicable date before the date of this Scheme Booklet.

Reasons why you may vote against the Scheme

Although the Asciano Board unanimously recommends that Non Consortium Asciano Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and the Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal, this Section sets out the factors which may lead a Non Consortium Asciano Shareholder to vote against the Scheme.

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

You may disagree with the recommendation of the Directors, who have unanimously recommended that Non Consortium Asciano Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

In addition, you may disagree with the conclusion of the Independent Expert, who has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal.

2 The tax consequences of the Scheme may not suit your current financial position

Implementation of the Scheme will have tax consequences for Non Consortium Asciano Shareholders.

A taxable gain might be realised from the disposal of Asciano Shares. Additionally, the Special Dividend might result in a tax liability depending on individual tax circumstances.

For further detail regarding general Australian tax consequences of the Scheme, refer to Section 7. The tax treatment may vary depending on the nature and characteristics of each Eligible Asciano Shareholder and their specific circumstances. Accordingly, Eligible Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.

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

It is possible that a more attractive proposal for Eligible Asciano Shareholders could materialise in the future, such as a takeover bid or scheme of arrangement with a higher offer price than the Scheme Consideration.

The Directors are, at present, not aware of any alternative proposal for Asciano. Moreover, given the time that has elapsed since Asciano confirmed to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme on 1 July 2015 and the fact that the Consortium Members (who previously made separate offers) have now come together, the Directors consider that the possibility of a proposal that could give rise to a Superior Proposal emerging in the foreseeable future is low.

As set out in Section 8.2, under the Scheme Implementation Deed, Asciano is bound by customary exclusivity obligations, including in relation to alternative proposals.

4 You may prefer to participate in the future financial performance of the Asciano business and maintain your investment profile

If the Scheme is implemented, you will no longer be an Asciano Shareholder. This will mean that you will not participate in the future performance of Asciano, including any benefits that may result from being an Asciano Shareholder. Accordingly, you will not retain any exposure to Asciano's assets or have the potential to share in the value that could be generated by Asciano or its business in the future.

Furthermore, you may wish to maintain your investment in Asciano in order to have an investment in a publicly listed company with the specific characteristics of Asciano in terms of industry, operational profile, size, capital structure and potential dividends.

Non Consortium Asciano Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of Asciano and they may incur transaction costs in undertaking any new investment.

What is the Consortium Proposal?

Background

The Consortium Proposal is the culmination of a number of events involving Asciano and certain of the Consortium Members since June 2015, including:

- **Brookfield Scheme that was previously proposed:** On 18 August 2015, Asciano and Brookfield announced that they had entered into the Brookfield Implementation Deed in connection with the Brookfield Scheme. Under the Brookfield Scheme, it was proposed that the Brookfield Consortium would acquire, via a scheme of arrangement, 100% of the Asciano Shares for $6.9439 in cash and 0.0387 Brookfield scrip per Asciano Share. The Brookfield Scheme was unanimously recommended by Directors at that time in the absence of a superior proposal.
- **Acquisition of Asciano Shares by Qube:** On 30 October 2015, members of the Qube Consortium announced that they had acquired an aggregate interest in 19.99% of the Asciano Shares.
- **Acquisition of Asciano Shares by Brookfield:** On 6 November 2015, Brookfield announced that it had acquired 14.9% of the Asciano Shares and an economic interest in a further 4.3% of the Asciano Shares.
- **Brookfield Offer that has lapsed:** On 9 November 2015, Brookfield announced the Brookfield Offer under which the Brookfield Consortium made an off-market takeover offer for all of the Asciano Shares it did not already own. The value of the consideration offered under the Brookfield Offer was the same as that proposed under the Brookfield Scheme. The Brookfield Offer was unanimously recommended by Directors at that time (in addition to the Brookfield Scheme) in the absence of a superior proposal.
- **Qube Consortium Proposal that was previously proposed:** On 16 February 2016, Asciano and the Qube Consortium announced that they had entered into the Qube Consortium Bid Implementation Deed in connection with a proposal (the "**Qube Consortium Proposal**") under which certain members of the Qube Consortium would, through a jointly owned bid vehicle, acquire all of the Asciano Shares they did not already own via an off-market takeover offer for $7.04 cash (reduced by the amount of any permitted dividends paid by Asciano, including the Interim Dividend) and 1 Qube share per Asciano Share, and that certain other members of the Qube Consortium would acquire certain of Asciano's businesses. At that time the Directors determined that the Qube Consortium Proposal was superior to the Brookfield Proposals, and unanimously recommended the Qube Consortium Proposal in the absence of a superior proposal. Following the change in recommendation, a reimbursement fee of $88 million was paid to Brookfield on 19 February 2016, the Brookfield Scheme terminated and the Brookfield Offer lapsed.
- **Consortium Proposal:** On 15 March 2016, Asciano announced that it had entered into the Scheme Implementation Deed with the Consortium. The Directors have determined that the Consortium Proposal is superior to the Qube Consortium Proposal (the Brookfield Proposals having already terminated or lapsed). Accordingly, all the documentation to which Asciano Group Members were party in relation to the Qube Consortium Proposal has been terminated and it is no longer possible to accept any of the offers associated with that proposal. No reimbursement fee was payable by Asciano to the Qube Consortium as a result of the termination of the Qube Consortium Proposal.

Overview

Scheme

Under the Scheme, it is proposed that BidCo acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration. The Scheme will only proceed if it is approved by the Requisite Majority of Eligible Asciano Shareholders at the Scheme Meeting and all other Conditions Precedent are satisfied or (where applicable) waived. Therefore, if you want the Scheme to proceed it is important that you vote in favour of the Scheme at the Scheme Meeting.

The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal.

See Section 2 for further details on the Scheme.

Connected transactions

There are a number of other transactions which are connected to the Scheme and which form part of the Consortium Proposal. These are:

- The Ports Sale Transaction under which it is proposed that the Ports Consortium, via Ports HoldCo, will acquire the Ports Business from Asciano for $2,915m.[15] See Section 4 for further details on the Ports Sale Transaction.
- The BAPS Sale Transaction under which it is proposed that the BAPS Consortium, via BAPS HoldCo, will acquire the BAPS Business from Asciano for $925m.[16] See Section 4 for further details on the BAPS Sale Transaction.
- The Conditional Transfers under which it is proposed that the Excluded Shareholders will sell their Asciano Shares to BidCo for consideration equivalent in value to the Scheme Consideration. See Section 5 for further details on the Conditional Transfers.

These transactions will only proceed if the conditions of the Scheme (including regulatory, shareholder and Court approvals) are satisfied and the Scheme becomes Effective. Eligible Asciano Shareholders are not required to vote on the Sale Transactions or the Conditional Transfers.

15. The purchase price to be paid for the Ports Business is subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis.
16. The purchase price to be paid for the BAPS Business is subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis.

What is the Consortium Proposal?

What are the key steps in implementing the Consortium Proposal?

The key steps that need to be undertaken to implement the Consortium Proposal include:

- **Scheme Meeting:** Eligible Asciano Shareholders approving the Scheme by the Requisite Majority at the Scheme Meeting.
- **Second Court Hearing:** The Court approving the Scheme at the Second Court Hearing. This will only occur if all the Conditions Precedent have been satisfied or waived.
- **Scheme becoming Effective:** Asciano lodging with ASIC and ASX an office copy of the Court order approving the Scheme, at which time the Scheme will become Effective and the Sale Agreements will become unconditional.
- **Special Dividend:** Asciano paying any Special Dividend.
- **Completion of the Sale Transactions:** Following completion of the Primary Restructure Steps, completion of both Sale Transactions occurring.
- **Implementation of the Scheme:** The Scheme being implemented and BidCo acquiring the Scheme Shares from the Scheme Shareholders in exchange for the Scheme Consideration.
- **Completion of Conditional Transfers:** Simultaneously with implementation of the Scheme, BidCo acquiring the Asciano Shares held by Excluded Shareholders.

How do the Sale Transactions impact the Scheme?

The Scheme and the Sale Transactions are connected as:

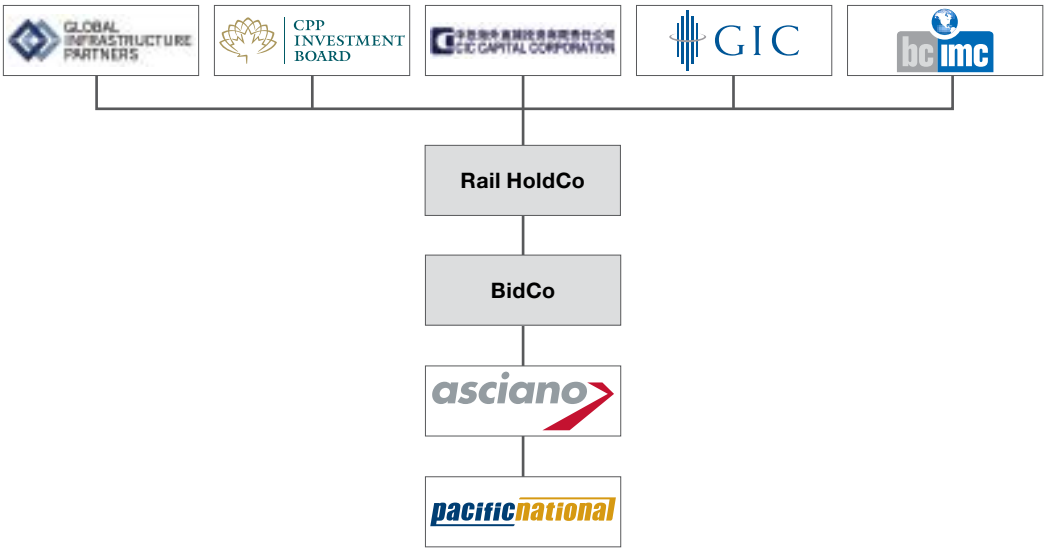
- The Sale Transactions will not complete unless the Scheme becomes Effective. The Scheme will only become Effective if the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders, the other Conditions Precedent are satisfied or (where applicable) waived and the Court approves the Scheme at the Second Court Hearing.
- The Sale Transactions must complete before the Scheme is implemented and are scheduled to complete simultaneously on the Business Day before the Scheme is implemented. The Sale Transactions will become unconditional upon the Scheme becoming Effective. If any of the requirements for completion of the Sale Transactions are not met after the Effective Date, the Sale Transactions may not complete. Asciano believes those requirements will be able to be satisfied.
- The Scheme will only be implemented once the Sale Transactions have completed. If the Sale Transactions do not complete and are terminated, then the Scheme will lapse in accordance with its terms.

Further, the Conditional Transfers will only occur if the Scheme becomes Effective and will occur at the same time as the Scheme is implemented.

What will Asciano look like if the Consortium Proposal is implemented?

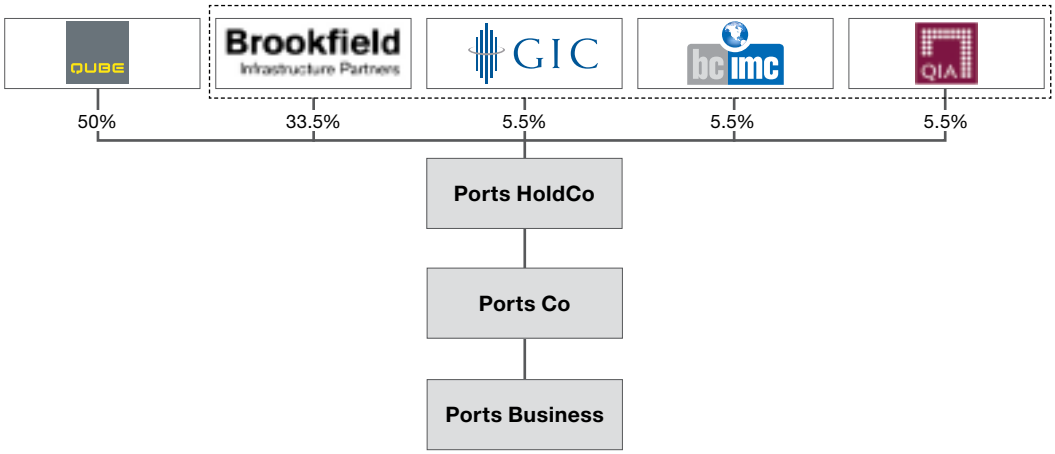
The diagrams below detail the ownership structure of Asciano, the Ports Business and the BAPS Business assuming the Scheme becomes Effective and is implemented, and the Sale Transactions and Conditional Transfers complete. (Note that various Consortium Members will hold their interests indirectly through Related Corporations and through special purpose holding vehicles).

Ownership structure of Asciano after implementation of the Scheme and completion of the Conditional Transfers:

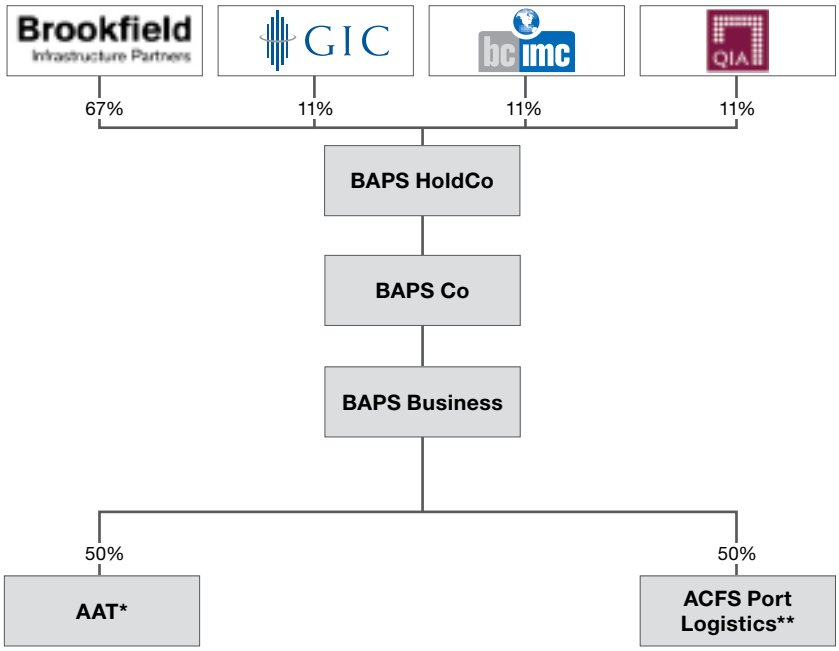


What is the Consortium Proposal?

Ownership structure of the Ports Business after completion of the Ports Sale Transaction:



Ownership structure of the BAPS Business after completion of the BAPS Sale Transaction:



* Qube has the right, after completion of the BAPS Sale Transaction, to acquire the 50% interest in AAT (subject to ACCC approval), or to nominate a third party buyer.

** Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.

What you should do

Step 1: Read this Scheme Booklet in its entirety

You should carefully consider the information in this Scheme Booklet to help you make an informed decision on how to vote on the Scheme.

You should read this Scheme Booklet in its entirety. Answers to some common questions are contained in Section 1 titled "Frequently asked questions".

If you are in doubt as to what you should do, you should consult your legal, financial or other professional advisor.

If you have any questions, please contact the Shareholder Information Line on 1300 729 310 (within Australia) or +61 3 9415 4608 (outside Australia). The Shareholder Information Line is open Monday to Friday from 9:00am and 5:00pm (Sydney time).

Step 2: Vote on the Scheme

Proxy forms and powers of attorney must be lodged by 10:00am on 1 June 2016.

The Scheme Meeting at which Eligible Asciano Shareholders will vote on whether to approve the Scheme will be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney on 3 June 2016 at 10:00am.

An Eligible Asciano Shareholder can vote by doing one of the following:

- **vote in person** – by attending the Scheme Meeting;
- **vote by proxy** – by either:
  - completing and returning to the Asciano Registry the enclosed proxy form for the Scheme Meeting. The proxy form must be received by the Asciano Registry by no later than 10:00am on 1 June 2016; or
  - lodging their proxy online at www.investorvote.com.au by no later than 10:00am on 1 June 2016;
- **vote by attorney** – by providing the Asciano Registry the original (or certified copy) of the instrument appointing an attorney by no later than 10:00am on 1 June 2016 (unless a copy has already been provided to the Asciano Registry); or
- **vote by corporate representative** – (in the case of a body corporate) by appointing a corporate representative to act as its representative. The appointment must comply with section 250D of the Corporations Act. A corporate Eligible Asciano Shareholder or corporate proxy should obtain a "Certificate of Appointment of Corporate Representative" form from the Asciano Registry, and complete and sign the form in accordance with the instructions on it. The corporate representative must attend the Scheme Meeting in person.

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.

If you want the Scheme to proceed, it is important that you vote in favour of the resolution at the Scheme Meeting. The Scheme will not proceed unless the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders.

1. Frequently asked questions

asciano

1. Frequently asked questions

This Section 1 answers some commonly asked questions about the Scheme and the other aspects of the Consortium Proposal. It is not intended to address all relevant issues for Asciano Shareholders. This Section 1 should be read together with the rest of this Scheme Booklet.

Item ("FAQ")	Question	Answer	Further Information
1	Background and the Scheme at a glance		
1.1	**What is the Consortium Proposal?**	*Scheme* Under the Scheme, it is proposed that BidCo acquire all of the Scheme Shares from Scheme Shareholders for the Scheme Consideration. The Scheme will only proceed if it is approved by the Requisite Majority of Eligible Asciano Shareholders at the Scheme Meeting and all other Conditions Precedent are satisfied or (where applicable) waived. Therefore, if you want the Scheme to proceed it is important that you vote in favour of the Scheme at the Scheme Meeting. See Section 2 for further details on the Scheme. The Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. The Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal. *Connected transactions* There are a number of other transactions which are connected to the Scheme and which form part of or are connected to the Consortium Proposal. These are: • The Ports Sale Transaction under which it is proposed that the Ports Consortium, via Ports HoldCo, will acquire the Ports Business from Asciano for $2,915m.[17] See Section 4 for further details on the Ports Sale Transaction. • The BAPS Sale Transaction under which it is proposed that the BAPS Consortium, via BAPS HoldCo, will acquire the BAPS Business from Asciano for $925m.[18] See Section 4 for further details on the BAPS Sale Transaction. • The Conditional Transfers under which it is proposed that the Excluded Shareholders will sell their Asciano Shares to BidCo for consideration equivalent in value to the Scheme Consideration. See Section 5 for further details on the Conditional Transfers. These transactions will only proceed if the conditions of the Scheme (including regulatory, shareholder and Court approvals) are satisfied and the Scheme becomes Effective. Eligible Asciano Shareholders are not required to vote on the Sale Transactions or the Conditional Transfers.	"What is the Consortium Proposal?"
1.2	**What is the Scheme?**	The Scheme involves BidCo acquiring all of the Scheme Shares by way of scheme of arrangement for the Scheme Consideration.	2
1.3	**What is a "scheme of arrangement"?**	A scheme of arrangement is a way of implementing an acquisition of shares under the Corporations Act. The Scheme requires a vote in favour by the Requisite Majority at a meeting of Eligible Asciano Shareholders convened by the Court, followed by Court approval.	
1.4	**What do your Directors recommend?**	Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal. Each Director intends to vote the Asciano Shares they hold or control in favour of the Scheme, in the absence of a Superior Proposal. The reasons for the Directors' recommendation and other matters that you may wish to consider are outlined in FAQs 1.6 and 1.7 and on pages 3 to 6 of this Scheme Booklet.	"Chairman's Letter", "Reasons to vote in favour of the Scheme", "Reasons to vote against the Scheme" on pages 2 to 6.

17. The purchase price to be paid for the Ports Business is subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis.
18. The purchase price to be paid for the BAPS Business is subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis.

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
1.5	**What is the Independent Expert's conclusion on the Scheme?**	The Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal.	Annexure A
1.6	**Why should you vote in favour of the Scheme?**	There are several reasons why the Directors recommend you vote in favour of the Scheme. These reasons include: • The Independent Expert has concluded that the Scheme is in the best interests of Non Consortium Asciano Shareholders in the absence of a Superior Proposal; • The Scheme Consideration represents attractive value for Non Consortium Asciano Shareholders; • Eligible Asciano Shareholders will receive certain value of $9.15 cash per Asciano Share for their investment in Asciano; • Asciano Shareholders may receive a fully franked Special Dividend of up to $0.90 per Asciano Share (subject to Asciano's franking account balance being sufficient), with the Scheme Consideration to be reduced by the Special Dividend Amount. This gives an additional benefit to certain Asciano Shareholders who are Australian tax residents; and • If the Scheme does not proceed, and no Superior Proposal emerges, the price of Asciano Shares is likely to fall.	"Reasons to vote in favour of the Scheme" on pages 3 to 5
1.7	**Why you may consider voting against the Scheme?**	The reasons why you may consider voting against the Scheme include: • You may disagree with your Directors' recommendation or the conclusion of the Independent Expert; • The tax consequences of the Scheme may not suit your current financial position; • You may consider that there is the potential for a Superior Proposal to be made in the foreseeable future; and • You may wish to participate in the future financial performance of Asciano and maintain your investment profile.	"Reasons why you may vote against the Scheme" on page 6
1.8	**Are the Consortium Members voting their Asciano Shares on the Scheme?**	No. None of the Excluded Shareholders are entitled to vote their Asciano Shares on the Scheme. Additionally, none of the Associated Shareholders who are entitled to vote their Asciano Shares on the Scheme intend to vote. In aggregate, the Associated Shareholders hold 39.57% of the Asciano Shares on issue.	
1.9	**Who is BidCo?**	BidCo is an Australian company which was established for the purpose of acquiring Asciano Shares under the Scheme and Conditional Transfer Agreements. BidCo is a wholly-owned Subsidiary of Rail HoldCo, another Australian company which was established for the purpose of holding shares in BidCo and to provide BidCo funding for the Scheme Consideration. As at the Implementation Date, the issued shares of Rail HoldCo will be held or controlled by the Rail Consortium Members or their Related Corporations.	5.3
1.10	**Who are the Rail Consortium Members?**	The Rail Consortium Members are GIP, CPPIB, Shunrong, Buckland and bcIMC.	5.3
1.11	**Why have there been so many different proposals and why is the current one the best?**	The Consortium Proposal follows separate discussions between Asciano, Brookfield and the Qube Consortium in relation to the previous Brookfield Proposals and the previous Qube Consortium Proposal, both of which are no longer being pursued. As previously announced, the Directors have determined that the Consortium Proposal is superior to the Brookfield Proposals and the Qube Consortium Proposal, based on an overall comparative assessment of value and execution certainty. Accordingly, the Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.	

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
1.12	**What has happened to the previous proposals received by Asciano?**	As the Directors have determined that the Consortium Proposal is superior to the previous Brookfield Proposals and the previous Qube Consortium Proposal, the Directors are recommending Non Consortium Asciano Shareholders vote in favour of the Scheme. Accordingly: • all the documentation which Asciano Group Members were party to in relation to the Brookfield Proposals and the Qube Consortium Proposal has been terminated; • the takeover bid forming part of the Brookfield Offer has lapsed; and • ASIC has granted the members of the Qube Consortium relief from any obligation they may have to make the takeover bid forming part of the Qube Consortium Proposal subject to certain conditions (see Section 8.8).	
1.13	**Has a reimbursement fee been paid to any of the Consortium Members and is there a risk that a further reimbursement fee could be paid?**	As a result of the Directors previously changing their recommendation in favour of the previous Qube Consortium Proposal, a reimbursement fee of $88m was paid to Brookfield. Under the Scheme Implementation Deed, a reimbursement fee of $88m will be payable to the Qube Consortium by Asciano in certain limited circumstances, including where a Competing Proposal received from a Third Party is announced during the Exclusivity Period and completes within 12 months of the announcement.	
2	**What will Scheme Shareholders receive under the Scheme?**		
2.1	**Who is entitled to receive the Scheme Consideration?**	Asciano Shareholders (other than Excluded Shareholders) who are recorded on the Register as the holder of Asciano Shares on the Scheme Record Date (anticipated to be 7:00pm on 24 June 2016).	2.14
2.2	**What will I receive if the Scheme becomes Effective?**	If the Scheme becomes Effective and is implemented Scheme Shareholders will be entitled to receive cash of $9.15 (reduced by the cash value of any Special Dividend Amount) for each Scheme Share. Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[19] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The payment of the Special Dividend is subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained. To the extent that the Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend.	2.1 and 2.4
2.3	**What is the Special Dividend and will any franking credits be attached to the Special Dividend?**	Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[20] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The payment of the Special Dividend is subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained. To the extent that the Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend. Those Asciano Shareholders who can capture the full benefit of the franking credits associated with the Special Dividend may receive an additional benefit valued at up to approximately $0.39 per Asciano Share if the Special Dividend is $0.90 per Asciano Share.[21]	2.4
2.4	**What is the ATO Tax Ruling and what happens if the ATO Tax Ruling is not received?**	The ATO Tax Ruling refers to the tax ruling to be obtained by Asciano on behalf of Asciano Shareholders in relation to the Australian income tax consequences for Asciano Shareholders associated with the Special Dividend. If a favourable draft ATO Tax Ruling is not obtained, no Special Dividend will be paid, franking credits will not be distributed to Asciano Shareholders who would have been entitled to receive them and the Scheme Consideration will not be reduced to account for any Special Dividend.	7

19. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.
20. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.
21. The maximum benefit associated with the franking credits will be less if the Special Dividend is less than $0.90 per Asciano Share.

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
2.5	**When will I receive the Scheme Consideration and the Special Dividend, if paid?**	Scheme Shareholders will be paid the Scheme Consideration and Special Dividend as follows: • in relation to any Special Dividend – payment will be made on the Special Dividend Payment Date (expected to be 23 June 2016); and • in relation to the Scheme Consideration - payment will be made on the Implementation Date (expected to be 30 June 2016). Cash payments will be paid as follows: • where a Scheme Shareholder has elected, prior to the relevant record date, to receive dividends by electronic funds transfer to the bank account nominated by the Scheme Shareholder – by transfer into that account; and • otherwise, by cheque for the relevant amount in Australian currency, dispatched by prepaid post.	2.1, 2.4 and 2.5
2.6	**Will the Interim Dividend paid by Asciano reduce the Scheme Consideration?**	No – the Interim Dividend paid by Asciano on 24 March 2016 will not reduce the Scheme Consideration that Scheme Shareholders will receive if the Scheme becomes Effective.	
2.7	**Will I have to pay brokerage or stamp duty?**	No, you will not have to pay brokerage or stamp duty on the transfer of Scheme Shares under the Scheme.	
2.8	**What are the tax implications of the Scheme?**	If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme 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 Scheme, refer to Section 7. 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
2.9	**Who are the Excluded Shareholders? What will happen to their Asciano Shares?**	The Excluded Shareholders are: • GIP in respect of 77,032,604 Asciano Shares held by it; • CPPIB Australia in respect of the 51,916,055 Asciano Shares held by it; • CPPIB in respect of the 1,547,348 Asciano Shares held on its behalf by HSBC Custody Nominees (Australia) Limited; • Qube in respect of the 61,301,584 Asciano Shares held by it; and • Nitro Corporation Pty Ltd in respect of the 188,065,605 Asciano Shares held by it. The Excluded Shareholders: • are **not** entitled to vote on the Scheme at the Scheme Meeting; and • will **not** participate in the Scheme if the Scheme becomes Effective. However, BidCo and the Excluded Shareholders have entered into separate agreements under which BidCo will acquire all of the Asciano Shares held by the Excluded Shareholders at the same time as implementation of the Scheme. The consideration to be provided by BidCo to the Excluded Shareholders for each of their Asciano Shares will be a debt for the same amount as the Scheme Consideration (i.e. cash of $9.15 per Asciano Share reduced by the cash value of any Special Dividend Amount).	5.7
2.10	**Will I still receive the Scheme Consideration if I accepted the takeover offer under the previous Brookfield Offer or voted in favour of the previous Brookfield Scheme?**	Provided you have not otherwise transferred your Asciano Shares, you will still be an Asciano Shareholder even if you: • accepted the takeover offer under the previous Brookfield Offer as that offer lapsed and all acceptances were void; and/or • lodged a proxy form in favour of the Brookfield Scheme as the Brookfield Scheme has been terminated. If you are recorded on the Register as the holder of Asciano Shares on the Scheme Record Date (anticipated to be 7:00pm on 24 June 2016) then you will be entitled to receive the Scheme Consideration provided the Scheme becomes Effective and is implemented and you are not an Excluded Shareholder.	

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
3	What are the Sale Transactions?		
3.1	**What is the Ports Sale Transaction?**	As part of the Consortium Proposal, Ports HoldCo, Qube, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano have entered into the Ports Sale Agreement under which Ports HoldCo has agreed to acquire all of the shares in PortsCo for $2,915m.[22] PortsCo is the head entity of the group operating the Ports Business. A brief summary of the Ports Business is outlined in FAQ 3.3. Ports HoldCo is an Australian company that was established by the Ports Consortium Members for the purpose of acquiring PortsCo. Ports HoldCo is indirectly owned by the Ports Consortium Members or their respective Related Corporations. The Ports Sale Transaction is scheduled to complete simultaneously with the BAPS Sale Transaction on the Business Day before the implementation of the Scheme, but will not do so unless the Scheme becomes Effective.	4
3.2	**Who are the Ports Consortium Members?**	The Ports Consortium Members are Brookfield, Qube, Buckland, Qatar Investco and bcIMC.	5.4
3.3	**What is the Ports Business?**	On completion of the Ports Sale Transaction it is intended that the Ports Business will contain all of the businesses operating within Asciano's existing Terminals & Logistics business, other than Asciano's interest in AAT and ACFS Port Logistics.[23]	4.3
3.4	**What is the BAPS Sale Transaction?**	As part of the Consortium Proposal, BAPS HoldCo, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano have entered into the BAPS Sale Agreement under which BAPS HoldCo has agreed to acquire all of the shares in BAPSCo for $925m.[24] BAPSCo is the head entity of the group operating the BAPS Business. A brief summary of the BAPS Business is outlined in FAQ 3.6. BAPS HoldCo is an Australian company that was established by the BAPS Consortium Members for the purpose of acquiring BAPSCo. BAPS HoldCo is directly or indirectly owned by the BAPS Consortium Members or their respective Related Corporations. The BAPS Sale Transaction is scheduled to complete simultaneously with the Ports Sale Transaction on the Business Day before the implementation of the Scheme but will not do so unless the Scheme becomes Effective.	4
3.5	**Who are the BAPS Consortium Members?**	The BAPS Consortium Members are Brookfield, Buckland, Qatar Investco and bcIMC.	5.5
3.6	**What is the BAPS Business?**	On completion of the BAPS Sale Transaction it is intended that the BAPS Business will operate Asciano's existing Bulk & Automotive Port Services business and hold Asciano's interests in AAT[25] and ACFS Port Logistics.[26]	4.4

22. The purchase price to be paid for the Ports Business is subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis.
23. Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.
24. The purchase price to be paid for the BAPS Business is subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis.
25. Qube has the right, after completion of the BAPS Sale Transaction, to acquire the 50% interest in AAT (subject to ACCC approval), or to nominate a third party buyer.
26. Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
3.7	**What is the Independent Expert's conclusion on the Sale Transactions?**	The Independent Expert was asked to opine on each Sale Transaction to provide Non Consortium Asciano Shareholders with as much information as possible regarding the Consortium Proposal. The Independent Expert has concluded that each Sale Transaction is fair and reasonable to Non Consortium Asciano Shareholders.	Annexure A
3.8	**What is the relationship between the Scheme and the Sale Transactions?**	The Sale Transactions and the Scheme are connected as: • The Sale Transactions will not complete unless the Scheme becomes Effective. • The Sale Transactions must complete before the Scheme is implemented and are scheduled to complete on the Business Day before the Scheme is implemented. The Sale Transactions will become unconditional upon the Scheme becoming Effective. If any of the requirements for completion of the Sale Transactions are not met after the Effective Date, the Sale Transactions may not complete. Asciano believes those requirements will be able to be satisfied. • The Scheme will only be implemented once the Sale Transactions have been completed. If the Sale Transactions do not complete and are terminated, then the Scheme will lapse in accordance with its terms. Therefore, if the Sale Transactions do not complete: • the Scheme Consideration will not be paid to Scheme Shareholders; • BidCo will not acquire the Scheme Shares; • to the extent that Asciano has not already declared or paid the Special Dividend, Asciano will not declare or pay the Special Dividend; • BidCo will not acquire the Asciano Shares held by the Excluded Shareholders; • Asciano will continue to be listed on the ASX; and • Asciano Shareholders will retain their Asciano Shares and continue to share in any benefits and risks of Asciano's ongoing business.	
3.9	**Am I required to vote on the Sale Transactions?**	No. Eligible Asciano Shareholders are not required to vote on the Sale Transactions or the Conditional Transfers.	
4	The Scheme Meeting and voting		
4.1	**Who can vote?**	If you are an Eligible Asciano Shareholder on the Scheme Meeting Record Date, being 7:00pm on 1 June 2016, you will be entitled to vote on the Scheme at the Scheme Meeting. None of the Associated Shareholders who are entitled to vote on the Scheme intend to vote on the Scheme.	"What you should do" on page 10
4.2	**What percentage of Asciano Shares are owned by the Associated Shareholders?**	The Associated Shareholders together own 39.57% of the Asciano Shares as at 15 April 2016, being the last practicable date before the date of this Scheme Booklet.	5.7
4.3	**Where and when will the Scheme Meeting be held?**	The Scheme Meeting to approve the Scheme is scheduled to be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney on 3 June 2016 at 10:00am.	"What you should do" on page 10

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information

4.4	**How do I vote?**	You may vote in person by attending the Scheme Meeting.
		Alternatively, if you do not want to, or cannot, attend in person, you can vote:
		• **by proxy:** by either:
		  • completing and returning to the Asciano Registry the enclosed proxy form for the Scheme Meeting. The proxy form must be received by the Asciano Registry by no later than 10:00am on 1 June 2016; or
		  • lodging your proxy online at www.investorvote.com.au by no later than 10:00am on 1 June 2016;
		• **by attorney:** by providing the Asciano Registry the original (or a certified copy) of the instrument appointing an attorney by no later than 10:00am on 1 June 2016 (unless a copy has already been provided to the Asciano Registry); or
		• **by corporate representative:** (in the case of a body corporate) by providing the Asciano Registry a copy of the certificate of appointment of the representative at the Scheme Meeting. The appointment must comply with section 250D of the Corporations Act. A corporate Eligible Asciano Shareholder or corporate proxy should obtain a "Certificate of Appointment of Corporate Representative" form from the Asciano Registry, and complete and sign the form in accordance with the instructions on it. The corporate representative must attend the Scheme Meeting in person.
			"What you should do" on page 10

4.5	**What vote is required to approve the Scheme?**	The Scheme needs to be approved by the Requisite Majority of Eligible Asciano Shareholders, which is: • a majority in number (more than 50%) of Eligible Asciano Shareholders present and voting (in person or by proxy, corporate representative or attorney); and • at least 75% of the total number of votes cast on the Scheme at the Scheme Meeting. The Court has the discretion to waive the first of the above requirements.	2.9
4.6	**Should I vote?**	Voting is not compulsory. However, the Directors believe that the Scheme is important for all Eligible Asciano Shareholders and the Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.	
4.7	**What happens if I do not vote or vote against the Scheme?**	If the Scheme is implemented, irrespective of whether you did not vote, or voted against, the Scheme at the Scheme Meeting: • all Asciano Shares that you hold on the Scheme Record Date will be transferred to BidCo and you will receive the Scheme Consideration and the Special Dividend (if paid); • the Sale Transactions will have completed; and • BidCo will acquire the Asciano Shares held by the Excluded Shareholders. If the Scheme does not proceed: • the Scheme Consideration will not be paid to Scheme Shareholders; • BidCo will not acquire the Scheme Shares; • to the extent that Asciano has not already declared or paid the Special Dividend, Asciano will not declare or pay the Special Dividend; • the Sale Transactions will not complete; • BidCo will not acquire the Asciano Shares held by the Excluded Shareholders; • Asciano will continue to be listed on the ASX; and • Asciano Shareholders will retain their Asciano Shares and continue to share in any benefits and risks of Asciano's ongoing business. If the Scheme does not proceed, and no Superior Proposal emerges, the price of Asciano Shares is likely to fall. Asciano has a strong business model and management team. If the Scheme does not proceed, it is the Directors' current intention to continue operating Asciano in line with its previously stated objectives.	2.10 and 2.19

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
4.8	**What are my options?**	You may: • vote on the Scheme at the Scheme Meeting (in person, or by proxy, attorney or, if applicable, corporate representative); • sell your Asciano Shares on market at any time before close of trading on the ASX on the Effective Date. If you do so, you may incur brokerage costs; or • do nothing, in which case, if the Scheme becomes Effective and is implemented, you will receive the Scheme Consideration and, if the Scheme does not become Effective and is not implemented, you will continue to hold your Asciano Shares.	"What you should do" on page 10
4.9	**When will the result of the Scheme Meeting be known?**	The result will be announced to the ASX shortly after conclusion of the Scheme Meeting, and will be accessible from ASX's website at www.asx.com.au. If the Scheme is approved at the Scheme Meeting by the Requisite Majority of Eligible Asciano Shareholders, the Scheme will not become Effective unless it is approved by the Court at the Second Court Hearing and the relevant Court order is lodged with ASIC.	
5	Implementation of the Scheme		
5.1	**What will happen to Asciano if the Scheme becomes Effective and is implemented?**	If the Scheme becomes Effective and is implemented: • BidCo will acquire all of the Scheme Shares; • BidCo will acquire the Asciano Shares held by the Excluded Shareholders; • the Sale Transactions will have completed; and • Asciano will be delisted from ASX.	2.6 and 2.11
5.2	**Are there Conditions that need to be satisfied before the Scheme can proceed?**	The Scheme is subject to the satisfaction or (as applicable) waiver of a number of Conditions Precedent, including approvals from the ACCC, FIRB and other regulators. These Conditions Precedent are summarised in Section 2.2 of the Scheme Booklet and are set out in full in clause 3 of the Scheme Implementation Deed (Annexure B). Additionally, the Scheme will not be implemented until after the Sale Transactions have completed.	2.2
5.3	**When will the Scheme become Effective?**	Subject to the satisfaction or, as applicable, waiver of the Conditions Precedent, the Scheme will become Effective on the Effective Date (expected to be 10 June 2016).	2.11
5.4	**When will Asciano Shares cease trading on the ASX?**	If the Scheme becomes Effective, Asciano Shares are expected to cease trading on the ASX from the close of trading on the Effective Date, which is expected to be 10 June 2016.	2.12
5.5	**What happens if the Scheme is not approved?**	If the Scheme is not approved by the Requisite Majority of Eligible Asciano Shareholders, or the Court, the Scheme will not proceed. If the Scheme does not proceed: • the Scheme Consideration will not be paid to Scheme Shareholders; • BidCo will not acquire the Scheme Shares; • to the extent that Asciano has not already declared or paid the Special Dividend, Asciano will not declare or pay the Special Dividend; • the Sale Transactions will not complete; • BidCo will not acquire the Asciano Shares held by the Excluded Shareholders; • Asciano will continue to be listed on the ASX; and • Asciano Shareholders will retain their Asciano Shares and continue to share in any benefits and risks of Asciano's ongoing business. If the Scheme does not proceed, and no Superior Proposal emerges, the price of Asciano Shares is likely to fall. Asciano has a strong business model and management team. If the Scheme does not proceed, it is the Directors' current intention to continue operating Asciano in line with its previously stated objectives.	2.10 and 2.19

1. Frequently asked questions (cont)

Item ("FAQ")	Question	Answer	Further Information
6	Other questions		
6.1	**What are the prospects of receiving a Superior Proposal in the future?**	The Directors are, at present, not aware of any alternative proposal for Asciano. Moreover, given the time that has elapsed since Asciano confirmed to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme on 1 July 2015 and the fact that the Consortium Members (who previously made separate offers) have now come together, the Directors consider that the possibility of a proposal that could give rise to a Superior Proposal emerging in the foreseeable future is low. If a rival takeover bid is announced at a price which is 105% or more than the Scheme Consideration, under the 'joint scheme relief' provided to the Consortium Members by ASIC which is described in Section 5.9(a), the Consortium Members will have 7 days after that rival takeover bid is free from any defeating conditions (other than a defeating condition that either relates only to the happening of an event or circumstance referred to in subsection 652C(1) or (2) of the Corporations Act or would be automatically satisfied by the Consortium Members and their associates accepting the offers under the rival bid) to either match or accept that higher rival offer for all of the Asciano Shares they hold. If such higher rival bid is structured as a scheme of arrangement rather than a takeover bid, and Asciano changes its recommendation in favour of that higher rival scheme, then the Consortium Members will be precluded from voting the Asciano Shares they hold against that higher rival scheme.	8.2
6.2	**Can I sell my Asciano Shares now?**	Yes. You can sell your Asciano Shares on market at any time before Asciano Shares cease trading on the ASX at the then prevailing market price (which may vary from the Scheme Consideration). If you do so, you will not receive the Scheme Consideration or the Special Dividend and you may incur brokerage costs. Asciano intends to apply for Asciano Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date (which is expected to be 10 June 2016). You will not be able to sell your Asciano Shares on market after this time.	
6.3	**What if I have further questions about the Scheme?**	If you have any further questions about the Scheme please contact the Shareholder Information Line on 1300 729 310 (within Australia) or + 61 3 9415 4608 (outside Australia). The Shareholder Information Line is open Monday to Friday from 9:00am to 5:00pm (Sydney time).	

2. Summary of the Scheme

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2. Summary of the Scheme

2.1 Effect of the Scheme

If the Scheme becomes Effective and is implemented then:

- BidCo will acquire all of the Scheme Shares; and
- all Scheme Shareholders will receive the Scheme Consideration, being $9.15 cash per Scheme Share (reduced by any Special Dividend Amount).

2.2 Conditions Precedent to the Scheme

(a) Overview

The Scheme is subject to a number of Conditions Precedent set out in clause 3 of the Scheme Implementation Deed (which is set out in Annexure B), including but not limited to the following:

- FIRB approval of the Scheme and each of the Sale Transactions having been obtained;
- ACCC approval of the Scheme and each of the Sale Transactions having been obtained;
- all approvals, consents or clearances required by the OIO in relation to the Scheme and the Sale Transactions having been obtained;
- all approvals, consents or clearances required under the EU Merger Regulation in connection with the Scheme having been obtained;
- approval of the Scheme by the Requisite Majority of Eligible Asciano Shareholders;
- approval of the Scheme by the Court;
- no Asciano Material Adverse Change and no Asciano Prescribed Occurrence having occurred;
- all approvals and consents of a Third Party which Asciano and each Ports Consortium Member have agreed are necessary to transfer the shares in PortsCo under the Ports Sale Agreement in respect of the Port Botany container terminal site and the Port of Brisbane / Fisherman Island container terminal site are obtained; and
- each Sale Agreement remaining on foot until 8:00am on the Second Court Date.

The Scheme will not proceed unless all the Conditions Precedent are satisfied or (where applicable) waived in accordance with the Scheme Implementation Deed.

(b) Status of ACCC approval

The Consortium Proposal is subject to ACCC review and the requirement for ACCC clearance. The Consortium Members have had extensive engagement with the ACCC in relation to the previous Qube Consortium Proposal and Brookfield Proposals and the Consortium Proposal has been structured to address potential competition issues. In particular:

- Brookfield will not acquire any interest in the Pacific National business; and
- it is not intended that Qube acquire any interest in the BAPS Business.

Further, the exercise of the Qube right to acquire the remaining 50% interest in AAT has been split out in to a separate subsequent transaction under which the interest will be acquired from BAPSCo subject to ACCC approval.

The ACCC commenced its public review of the proposal on 30 March 2016 and has provided a provisional date of 26 May 2016 for the announcement of the ACCC's decision which may involve a final decision or the release of a statement of issues.

As set out in its market inquires letter dated 1 April 2016, the ACCC review will consider the competition impact of each of the acquisitions by the Ports Consortium, BAPS Consortium and Rail Consortium. In particular, the ACCC review will consider whether:

- any competition issues arise from combining Asciano's Pacific National business with any relevant GIP, CPPIB, CIC Capital, GIC and bcIMC investment or operations;
- any competition issues arise from combining Asciano's BAPS Business and Asciano's 50% interest in ACFS Port Logistics with any relevant Brookfield, GIC, bcIMC and QIA investment or operations;
- any competition issues arise from common financial interests between Consortium Members created by the transaction structure;
- the proposal would result in Qube and/or Brookfield having the ability or incentive to favour its own businesses at the expense of its competitors at various levels of the container supply chain; and
- the proposal would result in a reduction in the competitive significance or viability of any of the businesses in the BAPS Business or of ACFS Port Logistics.

(c) Current status of Conditions Precedent

As at the last practicable date before the date of this Scheme Booklet, Asciano is not aware of any circumstances which would cause the Conditions Precedent not to be satisfied or waived. However, a number of the Conditions Precedent are outside the control of Asciano and the Consortium. To this extent, Asciano intends to work with the Consortium and relevant third parties (including all relevant regulators) to enable the Conditions Precedent to be satisfied or waived. The risks associated with a failure to obtain, or delay in, satisfaction or waiver of the Conditions Precedent are discussed further in Sections 6.3(b) and 6.3(c).

2.3 Lapse of the Scheme

If the Sale Transactions are not completed and are terminated, the Scheme will lapse in accordance with its terms.

2.4 Special Dividend

Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[27] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The payment of the Special Dividend is subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained. To the extent that the Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend. The Special Dividend will be payable to Asciano Shareholders on the Register as at the Special Dividend Record Date if the Scheme becomes Effective and a favourable draft ATO Tax Ruling is obtained. If the Special Dividend becomes payable, Asciano will:

- where an Asciano Shareholder has, before the Special Dividend Record Date, made a valid election in accordance with the requirements of the Asciano Registry to receive dividend payments from Asciano by electronic funds transfer to a bank account nominated by the Asciano Shareholder, pay, or procure the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
- otherwise, whether or not the Asciano Shareholder has made an election as referred to above, dispatch, or procure the dispatch of, a cheque for the relevant amount in Australian currency to the Asciano Shareholder by prepaid post to their registered address (as at the Special Dividend Record Date), such cheque being drawn in the name of the Asciano Shareholder, subject to rules for joint holders.

The per Asciano Share amount of the Special Dividend will, if paid, reduce the amount per Asciano Share of Scheme Consideration payable to Scheme Shareholders. You should read Section 7 which contains details regarding the taxation treatment of the Special Dividend.

If a favourable draft ATO Tax Ruling is not obtained, the Special Dividend will not be paid (and franking credits will not be distributed to Asciano Shareholders) and the Scheme Consideration will not be reduced to account for any Special Dividend.

It is expected that the Special Dividend will be funded through a combination of existing bank facilities, cash reserves and a new Asciano underwritten bridge facility (if required).

The Special Dividend would be in addition to the Interim Dividend previously paid.

2.5 Payment of Scheme Consideration

If the Scheme becomes Effective:

- BidCo must, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders in an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account);
- on the Implementation Date, subject to funds having been deposited as set out above, Asciano must pay or procure the payment of, to each Scheme Shareholder, the Scheme Consideration that Scheme Shareholder is entitled to; and
- Asciano will make such payment:
- where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Asciano Registry to receive dividend payments from Asciano by electronic funds transfer to a bank account nominated by the Scheme Shareholder, by paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
- otherwise, whether or not the Scheme Shareholder has made an election as referred to above – by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars to the Scheme Shareholder by prepaid post to their registered address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder, subject to rules for joint holders.

2.6 Implementation, timetable and procedures

If the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders and the Court, all other Conditions Precedent are satisfied or (where applicable) waived and the Sale Transactions have completed, the Scheme will be implemented on the Implementation Date. The Implementation Date will be the later of the fifth Business Day after the Scheme Record Date and the first Business Day after completion of the Sale Transactions and is anticipated to be 30 June 2016. The key dates and times in relation to the Scheme are set out in the Section titled "Important Dates". These key dates are indicative only and subject to change.

27. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

2.7 Scheme Meeting

The Court has ordered that a meeting of Asciano Shareholders (other than Excluded Shareholders) to consider the Scheme be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney on 3 June 2016 on 3 June 2016 at 10:00am.

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme, or as to how Eligible Asciano Shareholders should vote (on this matter, Eligible Asciano Shareholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as, an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

At the Scheme Meeting, Eligible Asciano Shareholders will be asked to consider and, if thought fit, approve the Scheme. For the acquisition of all Scheme Shares by BidCo to proceed and the Scheme Consideration to be payable, the Scheme must be approved by the Requisite Majority of Eligible Asciano Shareholders.

If the Scheme is not approved by the Requisite Majority of Eligible Asciano Shareholders at the Scheme Meeting, it will not be implemented and, subject to its obligations under the Scheme Implementation Deed, Asciano will not apply to the Court for any further orders in connection with the Scheme. The Notice of Meeting for the Scheme is contained in Annexure E.

2.8 Voting at the Scheme Meeting

(a) Entitlement to vote

All Eligible Asciano Shareholders who are registered on the Register at 7:00pm on 1 June 2016 will be entitled to vote at the Scheme Meeting.

Any transfer of holdings after that time will be disregarded in determining entitlements to vote at the Scheme Meeting. Further details on how to vote are provided in the Section below.

In the case of Asciano Shares held by joint holders, only one of the joint holders is entitled to vote (though all joint holders should sign any proxy form). If more than one joint holder votes, the vote of the Eligible Asciano Shareholder whose name appears first on the Register will be counted.

None of the Associated Shareholders who are entitled to vote their Asciano Shares on the Scheme at the Scheme Meeting intend to vote.

(b) How to vote

An Eligible Asciano Shareholder can vote by doing one of the following:

- **vote in person** – by attending the Scheme Meeting;
- **vote by proxy** – by either:
  - completing and returning to the Asciano Registry the enclosed proxy form for the Scheme Meeting. The proxy form must be received by the Asciano Registry by no later than 10:00am on 1 June 2016; or
  - lodging their proxy online at www.investorvote.com.au by no later than 10:00am on 1 June 2016;
- **vote by attorney** – by providing the Asciano Registry the original (or certified copy) of the instrument appointing an attorney by no later than 10:00am on 1 June 2016 (unless a copy has already been provided to the Asciano Registry); or
- **vote by corporate representative** – (in the case of a body corporate), by appointing a corporate representative to act as its representative. The appointment must comply with section 250D of the Corporations Act. A corporate Eligible Asciano Shareholder or corporate proxy should obtain a "Certificate of Appointment of Corporate Representative" form from the Asciano Registry, and complete and sign the form in accordance with the instructions on it. The corporate representative must attend the Scheme Meeting in person.

2.9 Court approval

Asciano will apply to the Court for orders approving the Scheme if:

- the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders at the Scheme Meeting; and
- all other Conditions Precedent are satisfied or (where applicable) waived.

The date on which the Court hears Asciano's application is the Second Court Date, which is expected to be 9 June 2016. Any change to this date will be announced through the ASX.

The Court may refuse to grant the orders referred to above even if the Scheme is approved by the Requisite Majority of Eligible Asciano Shareholders.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Each Asciano Shareholder has the right to appear at the Second Court Hearing.

2.10 Actions by Asciano, BidCo, BAPS HoldCo, Ports HoldCo and the Consortium Members

If the Court approves the Scheme, Asciano, BidCo, BAPS HoldCo, Ports HoldCo and the Consortium Members will procure the taking of all steps necessary to implement the Scheme. These will include the following:

- Asciano will lodge with ASIC and the ASX an office copy of the Court order approving the Scheme under section 411(10) of the Corporations Act, at which time the Scheme will become Effective;
- At the close of trading on the Effective Date, Asciano Shares will be suspended from trading on the ASX;
- Asciano will pay the Special Dividend (if any) on the Special Dividend Payment Date;
- The parties to each Sale Agreement will take all steps required of each of them under that Sale Agreement to ensure the relevant Sale Transaction completes; and
- On the Implementation Date, all of the Scheme Shares held by Scheme Shareholders on the Scheme Record Date (anticipated to be 7:00pm on 24 June 2016) will be transferred to BidCo and in return BidCo (and Asciano) will procure that the Scheme Consideration is paid in accordance with the terms of the Scheme as summarised in Section 2.5.

2.11 Effective Date

The Scheme will become Effective on the date on which the office copy of the order of the Court made under section 411(4)(b) of the Corporations Act approving the Scheme is lodged with ASIC in accordance with section 411(10) of the Corporations Act or such other date as the Court determines or specifies in the order. Asciano intends to lodge the order of the Court with ASIC on the next Business Day after the Second Court Date, which is expected to be 10 June 2016.

If the Scheme becomes Effective, Asciano will immediately give notice of the event to the ASX.

Once the Scheme becomes Effective, Asciano, BidCo and the Rail Consortium will become bound to implement the Scheme in accordance with its terms.

2.12 Suspension of trading in Asciano Shares

If the Scheme becomes Effective, it is expected that suspension of trading in Asciano Shares will occur from the close of trading on the Effective Date (expected to be 10 June 2016).

2.13 Deed Poll

BidCo and each Rail Consortium Member have executed a Deed Poll in favour of Scheme Shareholders, by which they agree to perform all of their obligations in relation to the Scheme, if it becomes Effective.

A copy of the Deed Poll is contained in Annexure D.

2.14 Scheme Record Date

The Scheme Record Date is anticipated to be 7:00pm on 24 June 2016. Only Asciano Shareholders (other than Excluded Shareholders) who appear on the Register on the Scheme Record Date will be entitled to receive the Scheme Consideration.

2.15 Implementation Date

The Scheme will be implemented on the Implementation Date. The Implementation Date will be the later of the fifth Business Day after the Scheme Record Date and the first Business Day after completion of the Sale Transactions and is anticipated to be 30 June 2016. On the Implementation Date, all Scheme Shares will be transferred to BidCo in return for the Scheme Consideration.

2.16 De-listing of Asciano

It is intended that, on the Implementation Date, Asciano will request that the ASX removes it from the official list of the ASX, and such de-listing is expected to occur shortly following that date.

2.17 Warranty by Asciano Shareholders

The Scheme provides that each Scheme Shareholder is taken to have warranted to Asciano and BidCo on the Implementation Date, and appointed and authorised Asciano as its attorney and agent to warrant to BidCo on the Implementation Date, that:

- all their Asciano Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the Personal Property Securities Act 2009 (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- that they have full power and capacity to transfer their Asciano Shares to BidCo together with any rights and entitlements attaching to those shares.

Asciano also undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder.

Scheme Shareholders should be aware that, to the extent that this warranty is untrue in respect of their Asciano Shares, and their Asciano Shares are not transferred under the Scheme free of third party interests, they may be liable to compensate BidCo or a Rail Consortium Member for any damage caused to those parties resulting from such encumbrance.

2.18 Scheme Implementation Deed

Asciano and each Consortium Member have entered into the Scheme Implementation Deed in connection with the proposed Scheme. A summary of the key terms of the Scheme Implementation Deed is set out in Section 8.2 and a full copy of the Scheme Implementation Deed is set out in Annexure B.

2.19 What happens if the Scheme does not proceed?

If the Scheme does not proceed:

- the Scheme Consideration will not be paid to Scheme Shareholders;
- BidCo will not acquire the Scheme Shares;
- to the extent that Asciano has not already declared or paid the Special Dividend, Asciano will not declare or pay the Special Dividend;
- the Sale Transactions will not complete;
- BidCo will not acquire the Asciano Shares held by the Excluded Shareholders;
- Asciano will continue to be listed on the ASX; and
- Asciano Shareholders will retain their Asciano Shares and continue to share in any benefits and risks of Asciano's ongoing business.

Asciano has a strong business model and management team. If the Scheme does not proceed, it is the Directors' current intention to continue operating Asciano in line with its previously stated objectives.

2.20 Tax implications of Scheme

If the Scheme becomes Effective and is implemented, there will be tax consequences for Scheme 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 Scheme, refer to Section 7. 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.

3. Information on Asciano Group

asciano

3 Information on Asciano Group

3.1 Overview of the Asciano Group

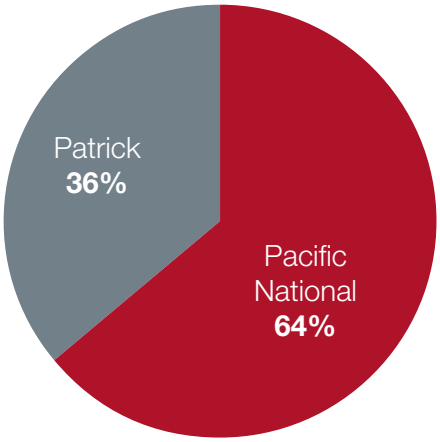
Asciano is Australia's largest national rail freight and port operator. Asciano's strategic objective is to be Australia's leading provider of critical logistics services within essential infrastructure based supply chains. Asciano occupies all major segments of the import/export and domestic supply chains to offer a diverse freight mix service offering.

For the six months ended 31 December 2015, Asciano reported sales revenue of approximately $1.9 billion, underlying EBITDA of approximately $568[28] million and underlying NPAT after minority interests of approximately $214 million.[29]

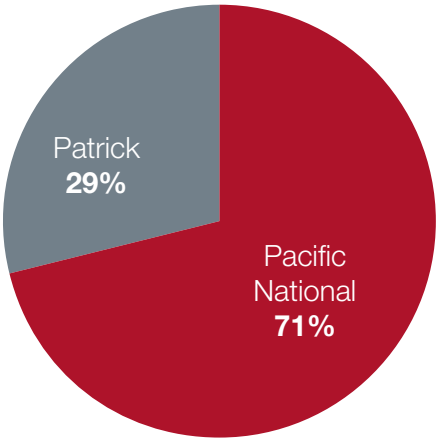
3.2 Operational structure

Asciano's activities are divided into two reportable segments: Pacific National and Patrick.

1H FY16 Revenue Split by Reportable Segment[30]



1H FY16 EBIT Split by Reportable Segment[31]



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.

For the 6 months ended 31 December 2015, the Pacific National segment generated $1,214.9 million of revenue, representing 64% of Asciano Group's total revenue for that 6 months, and $290.9 million of Underlying EBIT, representing 71% of Asciano Group's Underlying EBIT.

28. Underlying EBITDA excludes material items of $20.7m.
29. Underlying NPAT excludes material items of $14.5m.
30. Excludes eliminations / unallocated.
31. Pre-material items; excludes corporate.

(b) Patrick

Patrick consists of two businesses, the Terminals & Logistics business and Bulk & Automotive Port Services business. These businesses are described below.

(i) Terminals & Logistics

Terminals & Logistics is a major competitor in the provision of Australian port container terminal services.

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 business also provides an integrated logistics service that provides the interface between the shipping port and the beneficial freight owner through ACFS Port Logistics Pty Ltd – a joint venture in which Terminals & Logistics business holds a 50% interest.[32]

For the 6 months ended 31 December 2015, the Terminals & Logistics business generated $313.4 million of revenue, representing 17% of Asciano Group's total revenue for that 6 months, and $84.8 million of Underlying EBIT, representing 21% of Asciano Group's Underlying EBIT.[33]

(ii) Bulk & Automotive Port Services

Bulk & Automotive Port Services specializes 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.

For the 6 months ended 31 December 2015, the Bulk & Automotive Port Services business generated $357.0 million of revenue, representing 19% of Asciano Group's total revenue for that six months, and $31.9 million of Underlying EBIT, representing 8% of Asciano Group's Underlying EBIT.[34]

3.3 Historical financial information

(a) Basis of preparation

The accounting policies adopted by Asciano in preparation of the financial information for the years ended 30 June 2014 and 30 June 2015 and the 6 months to 31 December 2015 are consistent with those set out in Asciano's financial report for the year ended 30 June 2015.

Those reports 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.

The financial information set out in this Section 3.3 is in abbreviated form and does not contain all the information usually provided in an annual report prepared in accordance with the Corporations Act. Details of where the full financial reports, including all notes to those accounts, are set out in Section 3.9.

32. Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.
33. These figures include the 50% interest in ACFS Port Logistics and the 50% interest in AAT, which are both intended to be held by the BAPS Business on completion of the Sale Transactions. Further detail on the Sale Transactions is included in Section 5.
34. These figures do not include the 50% interest in ACFS Port Logistics and the 50% interest in AAT, which are both intended to be held by the BAPS Business on completion of the Sale Transactions. Further detail on the Sale Transactions is included in Section 5.

(b) Asciano consolidated statement of profit and loss

The audited historical consolidated statement of profit or loss for the years ended 30 June 2014 and 2015 and the reviewed historical consolidated statement of profit or loss for the 6 months to 31 December 2015 are summarised below.

Consolidated Statement of Profit or Loss ($m)	AUDITED 2014	AUDITED 2015	REVIEWED 1H 2016
Revenue from services rendered	3,926.1	3,795.4	1,836.3
Other income	68.5	43.7	27.1
Share of net profit of joint ventures	14.9	15.8	8.8
Operating expenses excluding depreciation and amortisation:			
Employee benefits	(1,324.3)	(1,255.7)	(582.0)
Rail access	(449.3)	(441.5)	(238.9)
Fuel, oil and power	(418.2)	(323.9)	(133.2)
Repairs and maintenance	(315.8)	(281.8)	(140.1)
Lease and hire	(200.6)	(194.6)	(91.5)
Insurance	(53.2)	(43.8)	(17.2)
Other	(256.7)	(241.7)	(121.6)
Profit before depreciation, amortisation, net finance costs and tax	**991.4**	**1,071.9**	**547.7**
Depreciation	(360.8)	(312.5)	(160.2)
Amortisation	(46.6)	(47.9)	(27.9)
Profit before net finance costs and tax	**584.0**	**711.5**	**359.6**
Net interest income/(expense)	(189.5)	(185.5)	(100.2)
Other financing expenses	(14.3)	(12.2)	(6.3)
Credit value adjustment and fair value movements of unhedged derivatives	(21.5)	(6.8)	(1.2)
Net finance expense	(225.3)	(204.5)	(107.7)
Profit before tax	**358.7**	**507.0**	**251.9**
Tax expense	(101.7)	(146.2)	(51.3)
Profit after tax	**257.0**	**360.8**	**200.6**
Attributable to:			
Owners of Asciano Limited	254.4	359.6	199.8
Non-controlling interests	2.6	1.2	0.8
	257.0	360.8	200.6
Earnings per Parent share			
Basic – cents	26.1	36.9	20.5
Diluted – cents	26.1	36.8	20.5

(c) Asciano consolidated statement of cash flows

The audited historical Consolidated Statement of Cash Flows for the years ended 30 June 2014 and 2015 and the reviewed historical Consolidated Statement of Cash Flows for the 6 months to 31 December 2015 are summarised below.

Consolidated Statement of Cash Flows ($m)	AUDITED 2014	AUDITED 2015	REVIEWED 1H 2016
Operating cash flows			
Receipts from customers	4,435.3	4,293.0	2,107.5
Payments to suppliers and employees	(3,485.7)	(3,358.4)	(1,593.6)
Interest and other costs of finance paid	(200.4)	(215.8)	(112.7)
Interest received	2.4	3.3	1.2
Dividends received from joint ventures	12.2	14.5	10.3
Net income tax payments	(157.0)	(113.0)	(83.0)
Net operating cash inflows	**606.8**	**623.6**	**329.7**
Investing cash flows			
Payments for property, plant and equipment and intangible assets	(701.2)	(581.6)	(180.1)
Proceeds from sale of property, plant and equipment and intangible assets	81.5	66.4	40.1
Acquisition of subsidiaries, net of cash acquired	(84.8)	–	–
Repayment of loans by joint ventures	0.5	–	3.8
Loans to related parties	–	(1.9)	1.9
Net investing cash outflows	**(704.0)**	**(517.1)**	**(134.3)**
Financing cash flows			
Treasury shares acquired	(4.7)	(12.7)	(19.6)
Proceeds from exercise of share options	5.2	5.0	–
Proceeds from AUD bond issuance, net of transaction costs	–	345.5	–
Proceeds from GBP bond issuance, net of transaction costs	511.8	–	–
Payment of finance lease liabilities	(0.5)	(0.5)	(0.3)
Repayment of US dollar 5 year bonds	–	–	(428.8)
Repayments of borrowings	(715.0)	(650.0)	(230.0)
Drawdown of borrowings	555.0	329.1	510.0
Loan from non-controlling interest	–	–	10.0
Dividends paid	(117.0)	(163.4)	–
Dividends paid to non-controlling interests	–	–	(12.0)
Other	–	0.5	–
Net financing cash (outflows)/inflows	**234.8**	**(146.5)**	**(170.7)**
Net (decrease)/increase in cash and cash equivalents	**137.6**	**(40.0)**	**24.7**
Cash and cash equivalents at the beginning of the year	29.7	167.3	127.3
Cash and cash equivalents at the end of the year	**167.3**	**127.3**	**152.0**

(d) Asciano consolidated statement of financial position

The Consolidated Statement of Financial Position as at 30 June 2014 and 2015 and 31 December 2015 are presented below.

Consolidated Statement of Financial Position ($m)	AUDITED 2014	AUDITED 2015	REVIEWED 1H 2016
Current assets			
Cash and cash equivalents	167.3	127.3	152.0
Trade and other receivables	429.2	444.6	445.6
Prepayments and other assets	25.7	23.7	42.2
Inventories	33.3	41.4	40.2
Derivative financial assets	4.1	114.2	19.8
Current tax receivable	–	–	43.2
Assets held for sale	–	51.7	–
Total current assets	**659.6**	**802.9**	**743.0**
Non-current assets			
Property, plant and equipment	4,306.7	4,465.3	4,425.8
Intangible assets	2,810.3	2,796.2	2,771.3
Equity accounted investments	30.9	30.4	67.8
Loans to joint ventures	56.2	56.2	52.4
Trade and other receivables	1.9	1.4	1.2
Prepayments and other assets	3.9	1.4	1.4
Inventories	31.6	38.8	37.9
Derivative financial assets	165.9	613.5	731.7
Net deferred tax assets	109.2	70.6	34.5
Total non-current assets	**7,516.6**	**8,073.8**	**8,124.0**
Total assets	**8,176.2**	**8,876.7**	**8,867.0**
Current liabilities			
Trade payables	152.8	151.3	177.3
Other payables and accrued expenses	311.6	258.6	212.4
Provisions	74.4	52.4	50.5
Employee benefits	201.8	192.4	189.0
Loans and borrowings	0.6	519.5	200.6
Derivative financial liabilities	61.4	40.3	23.7
Current tax liabilities	10.4	30.7	–
Liabilities held for sale	–	14.1	–
Total current liabilities	**813.0**	**1,259.3**	**853.5**
Non-current liabilities			
Other payables and accrued expenses	15.3	14.9	15.6
Provisions	65.4	62.5	53.7
Employee benefits	138.5	92.1	91.9
Loans and borrowings	3,370.0	3,426.5	3,634.9
Derivative financial liabilities	57.8	52.9	72.0
Deferred tax liabilities	–	–	6.4
Total non-current liabilities	**3,647.0**	**3,648.9**	**3,874.5**
Total liabilities	**4,460.0**	**4,908.2**	**4,728.0**
Net assets	**3,716.2**	**3,968.5**	**4,139.0**
Equity			
Contributed equity	8,609.3	8,604.5	8,587.9
Reserves	(4,721.2)	(4,342.0)	(1,212.7)
Accumulated losses	(189.3)	(312.6)	(3,243.6)
Equity attributable to owners of Asciano Limited	3,698.8	3,949.9	4,131.6
Non-controlling interests	17.4	18.6	7.4
Total equity	**3,716.2**	**3,968.5**	**4,139.0**

3.4 Update on material changes to Asciano financial performance and financial position

Since the half year reporting date of 31 December 2015 there have been a number of material changes to Asciano. These are listed below:

- On 12 February 2016, Asciano signed documents extending the term of its $650m corporate debt facility from October 2016 to September 2021.
- On 16 February 2016, Asciano announced that the Asciano Board had changed its recommendation to the previous Qube Consortium Proposal. This was due to the Asciano Board determining that the Qube Consortium Proposal was superior to the previous Brookfield Proposals.[35] As a result of the change in recommendation in favour of the Qube Consortium Proposal, a reimbursement fee of $88 million was paid to Brookfield on 19 February 2016.
- On 15 March 2016, Asciano entered into the Scheme Implementation Deed with the Consortium Members.
- On 24 March 2016, Asciano paid the fully franked Interim Dividend of $0.13 per Asciano Share.

3.5 Directors and key management

(a) Asciano Directors

Name	Position
Malcolm Broomhead	Chairman and Independent Non-Executive Director
John Mullen	Managing Director and CEO
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

(b) Asciano senior leadership team

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

3.6 Asciano issued securities

(a) Capital structure

The capital structure of Asciano as at 15 April 2016, being the last practicable date before the date of this Scheme Booklet, is set out below.

Asciano has 975,385,664 ordinary shares on issue. Included in the 975,385,664 ordinary shares on issue are 2,883,737 shares held on trust by Asciano for the benefit of satisfying equity compensation plans.

A number of Asciano Performance Rights are currently or are, on the date of the Scheme Meeting, expected to be outstanding under Asciano's long and short-term incentive plans. The Directors have determined to exercise their discretions under those plans to vest certain Asciano Performance Rights and to waive any vesting conditions (subject to the Scheme being approved by the Requisite Majority of Eligible Asciano Shareholders). Any Asciano Performance Rights that do not vest will lapse.

35. The Asciano Board has now determined that the Consortium Proposal is superior to the Brookfield Proposals and the Qube Consortium Proposal. As a result, the Directors are recommending Non Consortium Asciano Shareholders vote in favour of the Scheme.

The exercise of that discretion is set out in the following table which assumes that:

- on or before 9 June 2016, the Scheme is approved by Eligible Asciano Shareholders and FIRB and ACCC aproval have been obtained; and
- the Implementation Date occurs on or before 30 june 2016.

If those assumptions prove to be incorrect, the precise number of Asciano Performance Rights which will vest or lapse will change.

Asciano Performance Right	Number vested/ conditions waived	Number lapsed
FY13 Long Term Incentive Plan	480,871	0
FY14 Long Term Incentive Plan	861,201	1,476
FY15 Long Term Incentive Plan	860,333	6,816
FY16 Long Term Incentive Plan	204,690	447,467
FY14 Short Term Incentive Plan	179,468	0
FY15 Short Term Incentive Plan	297,174	0
Total	**2,883,737**	**455,759**

To satisfy any Asciano Performance Rights that vest, Asciano will procure that one Asciano Share is either issued or transferred to each participant for each Asciano Performance Right they hold on vesting. Those Asciano Shares will then be able to participate in the Scheme (if it becomes Effective).

(b) Substantial shareholders

The substantial shareholders of Asciano as recorded in the Register as at 15 April 2016, the last practicable trading day prior to the date of this Scheme Booklet, are as follows:

Name	Number of Asciano Shares	% of Asciano Shares on issue
Nitro Corporation Pty Ltd	188,065,605	19.28%
HSBC Custody Nominees (Australia) Limited	139,705,467	14.32%
CITICORP NOMINEES PTY LIMITED	97,484,580	9.99%
J P MORGAN NOMINEES AUSTRALIA LIMITED	94,978,467	9.74%
GIP	77,032,604	7.90%
NATIONAL NOMINEES LIMITED	61,966,044	6.35%
Qube	61,301,584	6.28%
CPPIB Australia	51,916,055	5.32%

(c) Consortium Members

Certain of the substantial shareholders included in the table above are Consortium Members or hold Asciano Shares on behalf of Consortium Members. As a result of entering into the Framework Deed, each of the Consortium Members has a Relevant Interest in at least 39.27%[36] of Asciano's Shares (representing at least 383,045,393 Asciano Shares in total).

36 Buckland and its related entities have a Relevant Interest in 39.52% of Asicano Shares.

(d) BidCo

See Section 5.8 for information on BidCo's Relevant Interests and voting power in Asciano Shares.

3.7 Recent Asciano dividend history

The table below sets out the dividends determined and paid by Asciano for the last three financial years and the Interim Dividend.

Year Ended June (cps)	2013	2014	2015	2016
Interim dividend	5.25	5.75	8.25	13.00
Final dividend	6.25	8.50	–	–
Full year dividend	**11.50**	**14.25**	**8.25**	**13.00**

Additionally, Asciano is permitted to pay a fully franked Special Dividend of up to $0.90 per Asciano Share. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[37] at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share. The payment of the Special Dividend is subject to the Scheme becoming Effective and a favourable draft ATO Tax Ruling being obtained. To the extent that the Special Dividend is paid, the Scheme Consideration will be reduced to account for the cash value of the Special Dividend.

3.8 Risks

If the Scheme does not proceed, Asciano will continue to be subject to a number of risks and uncertainties. One or more or a combination of these risks could materially impact the Asciano Group's businesses, its operating and financial performance, the price of Asciano Shares or any dividends which might be paid in respect of Asciano Shares.

You should carefully consider the risk factors described in Section 6, as well as the other information contained in this Scheme Booklet before voting on the Scheme. If you are unclear in relation to any matter, you should consult your legal, financial or other professional advisor.

3.9 Availability of documents relating to Asciano

As an ASX listed company and a "disclosing entity" under the Corporations Act, Asciano is subject to regular reporting and disclosure obligations. Broadly, these require Asciano to announce price sensitive information to ASX as soon as it becomes aware of the information (subject to exceptions for certain confidential information). Asciano's most recent announcements are available from its website (www.asciano.com.au). Further announcements concerning Asciano will continue to be made available on the website after the date of this Scheme Booklet.

ASX maintains files containing publicly available information about entities listed on its exchange. Asciano's files are available for inspection at ASX during normal business hours and are available on the ASX website (www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to Asciano may be obtained from or inspected at ASIC. Please note ASIC may charge a fee in respect of such services.

The following documents are available for inspection free of charge prior to the Scheme Meeting during normal business hours at the registered office of Asciano:

- Constitution of Asciano;
- Asciano's annual report for the financial year ended 30 June 2013;
- Asciano's annual report for the financial year ended 30 June 2014;
- Asciano's annual report for the financial year ended 30 June 2015;
- Asciano's half year financial report for the six months ended 31 December 2015; and
- Asciano's public announcements.

The annual and interim reports and public announcements are also available at www.asciano.com.au

37 The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

4. Information on the Sale Transactions

asciano

4 Information on the Sale Transactions

4.1 Background

As part of the Consortium Proposal:

- Ports HoldCo, Qube, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano have entered into the Ports Sale Agreement under which Ports HoldCo has agreed to acquire all of the shares in PortsCo for $2,915m;[38] and
- BAPS HoldCo, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano have entered into the BAPS Sale Agreement under which BAPS HoldCo has agreed to acquire all of the shares in BAPSCo for $925m.[39]

Both of these Sale Transactions must complete simultaneously and before the implementation of the Scheme.

See Section 5.6 for information on how Ports HoldCo and BAPS HoldCo will pay the consideration due on completion of the Sale Transactions.

The Independent Expert has concluded that each Sale Transaction is fair and reasonable to Non Consortium Asciano Shareholders.

4.2 Relationship between the Sale Transactions and the Scheme

Completion of each Sale Transaction and implementation of the Scheme are connected as:

- The Sale Transactions will not complete unless the Scheme becomes Effective. The Scheme will only become Effective if the Scheme Resolution is approved by the Requisite Majority of Eligible Asciano Shareholders, the other Conditions Precedent are satisfied or (where applicable) waived and the Court approves the Scheme at the Second Court Hearing.
- The Sale Transactions must complete before the Scheme is implemented and are scheduled to complete simultaneously on the Business Day before the Scheme is implemented. The Sale Transactions will become unconditional upon the Scheme becoming Effective. If any of the requirements for completion of the Sale Transactions are not met after the Effective Date, the Sale Transactions may not complete. Asciano believes those requirements will be able to be satisfied.
- The Scheme will only be implemented once the Sale Transactions have completed. If the Sale Transactions do not complete and are terminated, then the Scheme will lapse in accordance with its terms.

Therefore, if the Sale Transactions do not complete:

- the Scheme Consideration will not be paid to Scheme Shareholders;
- BidCo will not acquire the Scheme Shares;
- to the extent that Asciano has not already declared or paid the Special Dividend, Asciano will not declare or pay the Special Dividend;
- BidCo will not acquire the Asciano Shares held by the Excluded Shareholders;
- Asciano will continue to be listed on the ASX; and
- Asciano Shareholders will retain their Asciano Shares and continue to share in any benefits and risks of Asciano's ongoing business.

4.3 Who is PortsCo?

PortsCo is currently owned by Asciano and is the head entity of the group operating the Ports Business.

On completion of the Ports Sale Transaction it is intended that the Ports Business will contain all of the businesses operating within Asciano's existing Terminals & Logistics business, other than Asciano's 50% interest in AAT and its 50% interest in ACFS Port Logistics.[40] A summary of the businesses operating within Asciano's Terminals & Logistics business is contained in Section 3.2(b)(i).

38. The purchase price to be paid for the Ports Business is subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis.
39. The purchase price to be paid for the BAPS Business is subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis.
40. Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.

4.4 Who is BAPSCo?

BAPSCo is currently owned by Asciano and is the head entity of the group operating the BAPS Business.

On completion of the BAPS Sale Transaction it is intended that the BAPS Business will:

- Operate the businesses currently operating within Asciano's existing Bulk & Automotive Port Services business. Those businesses are described in Section 3.2(b)(ii).
- Hold Asciano's 50% interest in AAT. AAT operates a business focussed on the development and operation of multi-user automotive facilities in port areas, such as providing specialist cargo handling facilities for stevedores and other waterfront service providers.[41]
- Hold (directly or indirectly) Asciano's 50% interest in ACFS Port Logistics.[42]

4.5 Restructure Steps

To ensure the BAPS Business and the Ports Business hold the expected interests on completion of the Sale Transactions, Asciano has agreed to oversee the implementation of a number of restructure steps ("**Restructure Steps**").

The Restructure Steps are split into two categories and may be amended by agreement if a more efficient or appropriate step (or series of steps) can achieve the intention that the companies, assets and businesses to be transferred under the relevant Sale Agreement are those which contribute to the revenue, profits and long term value of the BAPS Business or the Ports Business (as applicable):

- "**Primary Restructure Steps**": These are the fundamental steps that must be implemented in order for the Sale Transactions to complete.

The Primary Restructure Steps include:

- the transfer of the following shares held by Plzen Pty Ltd to a wholly owned member of the BAPSCo Group:
  - shares in Patrick Autocare Pty Ltd; and
  - shares in AAT;[43]
- if Asciano determines that Patrick Container Ports Pty Ltd should:
  - not form part of the BAPSCo Group, the transfer of the business, assets and contracts associated with the Regional Road and Rail business from Patrick Container Ports Pty Ltd to a wholly owned member of the BAPSCo Group; or
  - form part of the BAPSCo Group, the transfer of the business, assets and contracts associated with the Ports Business to a wholly owned member of the PortsCo Group;
- the transfer of the following shareholder loans to a wholly owned member of the BAPSCo Group:
  - the shareholder loan owed by AAT; and
  - the shareholder loan owed by Patrick Autocare Pty Ltd; and
- all amounts owed between:
  - members of the BAPSCo Group and members of either the PortsCo Group or the Asciano Retained Group; and
  - members of the PortsCo Group and members of either the BAPSCo Group or the Asciano Retained Group,

that do not relate to trading activities in the normal course of business, being forgiven or capitalised.

- "**Secondary Restructure Steps**": These are the steps that Asciano must use its best endeavours to ensure are implemented before completion of the Sale Transactions. However, if the Secondary Restructure Steps are not implemented by that time, the Sale Transactions will still complete and Asciano, BAPS HoldCo and Ports HoldCo will use their respective best endeavours to procure that those Secondary Restructure Steps that have not been implemented are implemented as soon as practicable after completion of the Sale Transactions.

41. Qube has the right, after completion of the BAPS Sale Transaction, to acquire the 50% interest in AAT (subject to ACCC approval), or to nominate a third party buyer.
42. Asciano must use best endeavours to procure that the shares in ACFS Port Logistics are transferred to the BAPS Business prior to completion of the Sale Agreements, but may consult with other parties to the Sale Agreements regarding other transfer options. Subject to the transfer option ultimately pursued, it is possible that the other shareholders in ACFS Port Logistics may have pre-emptive rights to acquire the interest in ACFS Port Logistics. The transfer of Asciano's interest in ACFS Port Logistics to the BAPS Business is a Secondary Restructure Step and therefore it is possible that the interest will not be part of the BAPS Business on completion of the Sale Transactions. Failure to complete the Secondary Restructure Steps will not prevent the completion of the Sale Transactions. See Section 5.5(c)(iv) for further details regarding the intentions of certain Consortium Members in respect of Asciano's interest in ACFS Port Logistics in certain situations.
43. Qube has the right, after completion of the BAPS Sale Transaction, to acquire the 50% interest in AAT (subject to ACCC approval), or to nominate a third party buyer.

The Secondary Restructure Steps include:

- either:
  - the shares in ACFS Port Logistics held by Patrick Container Ports Pty Ltd being transferred to a wholly owned member of the BAPSCo Group;[44] or
  - the cash proceeds of the transfer of the shares in ACFS Port Logistics held by Patrick Container Ports Pty Ltd being remitted to, or retained by, a wholly owned member of the BAPSCo Group;
- the following being transferred to a wholly owned member of the BAPSCo Group:
  - any BAPS Business employees not employed by the BAPSCo Group;
  - any rights to own, use and/or occupy BAPS Business properties not held by the BAPSCo Group;
  - any BAPS Business assets held outside the BAPSCo Group; and
  - any BAPS Business liabilities or receivables held outside the BAPSCo Group;
- the following being transferred to a wholly owned member of the PortsCo Group:
  - any Ports Business employees not employed by the PortsCo Group;
  - any rights to own, use and/or occupy Ports Business properties not held by the PortsCo Group;
  - any Ports Business assets held outside the PortsCo Group; and
  - any Ports Business liabilities or receivables held outside the PortsCo Group; and
- any liabilities or receivables of the business of the Asciano Retained Group held outside the Asciano Retained Group being transferred to a member of the Asciano Retained Group.

4.6 Summary of the Sale Agreements

The BAPS Sale Agreement sets out the rights and obligations of BAPS HoldCo, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano in connection with BAPS HoldCo's purchase of BAPSCo. The Ports Sale Agreement set outs the rights and obligations of Ports HoldCo, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.), Qube and Asciano in connection with Ports HoldCo's purchase of PortsCo.

The key terms of the BAPS Sale Agreement and the Ports Sale Agreement (other than the purchase price and certain other deal specific terms) are substantially the same and are summarised below. For the purposes of the summary, BAPS HoldCo and Ports HoldCo are the "**Buyer**" under their respective Sale Agreements.

- **Conditions precedent**

Completion of the relevant Sale Transaction is subject to the Scheme becoming Effective[45] and ACCC approval of the relevant transaction being obtained. The relevant Buyer must, to the extent within their control, use reasonable endeavours to satisfy the conditions and Asciano must comply with its obligations under the Scheme Implementation Deed in respect of the satisfaction of the conditions.

- **Completion**

Subject to the conditions precedent to each Sale Transaction being satisfied or waived, completion of each Sale Transaction must take place before implementation of the Scheme.

- **Completion deliverables**

Under each Sale Agreement Asciano must deliver to the relevant Buyer customary completion deliverables, including share transfers, releases of relevant security interests and board resolutions relating to the share transfers and resignations and appointments of directors (amongst other things).

- **Restructure**

The relevant Buyer and Asciano acknowledge that it is their intention that the companies, assets and businesses to be transferred under the relevant Sale Agreement are those which contribute to the revenue, profits and long term value of the BAPS Business or the Ports Business (as applicable). Accordingly:

- Asciano and each Buyer must work together in good faith to plan and prepare for the implementation of the Restructure Steps;
- Asciano must consult and take into account each Buyer's reasonable concerns and interests in relation to the negotiation and valuation determination of any pre-emption processes or third party consent which is triggered as a result of the relevant Sale Agreement;
- Asciano must procure that, after the conditions precedent to the relevant Sale Transaction have been satisfied but at least one day before completion of the relevant Sale Transaction, the Primary Restructure Steps are implemented; and
- Asciano must use its best endeavours to procure that, after the date on which the last of the conditions precedent to the relevant Sale Transaction is satisfied and at least one day before completion of the relevant Sale Transaction, the Secondary Restructure Steps are satisfied. A failure to implement the Secondary Restructure Steps will not restrict completion of the Sale Transactions from occurring.

44. The parties to the Ports Sale Agreement may consult with each other regarding other options in respect of the transfer of the ACFS interest.
45. The conditions that must be satisfied or waived before the Scheme can become Effective are set out in clause 3 of the Scheme Implementation Deed and are summarised in Section 2.2.

- **Adjustments to the purchase price**

The initial purchase price payable under each Sale Agreement will be adjusted in accordance with the terms of the relevant Sale Agreement to reflect the position that both PortsCo and BAPSCo will be sold on a cash and debt-free basis.

- **Conduct of business**

In addition to its obligations under the Scheme Implementation Deed, from the day after the Scheme becomes Effective until completion of the relevant Sale Transaction, Asciano must ensure, amongst other things, that:

- a representative of the relevant Buyer is entitled to attend each board meeting of each company in the BAPSCo Group or PortsCo Group (as applicable);
- each company in the BAPSCo Group or the PortsCo Group (as applicable) gives the relevant Buyer the same information as they are required to give their directors pursuant to their respective constitutions;
- the board of each company in the BAPSCo Group or the PortsCo Group (as applicable) must, when considering and deciding on a material decision, have regard to the interests of the relevant Buyer;
- the business and operations of the BAPSCo Group or the PortsCo Group (as applicable) and each company in the relevant Group is conducted only in the ordinary course and substantially consistent with the manner in which each such business and operation has been conducted since 15 March 2015; and
- no company in the BAPSCo Group or the PortsCo Group (as applicable) undertakes certain activities not previously disclosed to the relevant Buyer without the consent of the relevant Buyer.

However, Asciano is not required to comply with certain of those obligations if to do so would give rise, or potentially give rise, to loss or waiver of legal privilege, or would constitute, or potentially constitute, a breach of any of the directors' statutory or fiduciary duties.

- **Access**

From the day after the Scheme becomes Effective until completion of the relevant Sale Transaction, subject to any laws, regulations and regulatory approvals, Asciano must use reasonable endeavours to:

- where there are matters to be determined which are material to the business, financial position and/or assets of the BAPSCo Group or the PortsCo Group (as applicable), determine such matters after consultation with the relevant Buyer; and
- allow the relevant Buyer and its representatives (approved by Asciano acting reasonably):
  - reasonable access during normal business hours to senior management of the BAPSCo Group or the PortsCo Group (as applicable); and
  - to inspect the books of account and related records of the BAPSCo Group or the PortsCo Group (as applicable);
- keep the relevant Buyer reasonably and promptly informed about the conduct of the business of the BAPSCo Group or the PortsCo Group (as applicable), and all material matters that relate to business of the relevant Group, the group itself and the business it operates; and
- in respect of documents previously disclosed, on request by the relevant Buyer, make available to the Buyer and its advisors each such document in full without any redaction.

- **Termination**

Both Asciano and the relevant Buyer can terminate the relevant Sale Agreement on written notice to the other party if the Scheme Implementation Deed is terminated in accordance with its terms.

- **Representations and warranties**

Asciano and each Buyer have each given representations and warranties to the other in respect of incorporation, title and capacity matters.

- **Guarantee**

BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) unconditionally and irrevocably guarantees the due and punctual performance by BAPS HoldCo of its obligations under the BAPS Sale Agreement.

BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Qube each unconditionally and irrevocably guarantee the due and punctual performance by Ports HoldCo of its obligations under the Ports Sale Agreement.

4.7 Consideration under the Sale Agreements

(a) Ports Sale Agreement

At completion of the Ports Sale Transaction, Ports HoldCo must pay the estimated purchase price (being $2,915m subject to a completion adjustment to reflect the position that PortsCo will be sold on a cash and debt-free basis). The Ports Sale Agreement provides that the estimated purchase price is to be paid in cash, however Ports HoldCo can elect to pay all or part in the form of promissory notes. It is expected that part of the estimated purchase price will be paid in the form of promissory notes and that part will be paid in cash (see Section 5.6).

(b) BAPS Sale Agreement

At completion of the BAPS Sale Transaction, BAPS HoldCo must pay the estimated purchase price (being $925m subject to a completion adjustment to reflect the position that BAPSCo will be sold on a cash and debt-free basis). The BAPS Sale Agreement provides that the estimated purchase price is to be paid in cash, however BAPS HoldCo can elect to pay all or part in the form of promissory notes. It is expected that part of the estimated purchase price will be paid in the form of a promissory note and that part will be paid in cash (see Section 5.6).

5. Information on Rail Consortium, Ports Consortium, BAPS Consortium, BidCo and Excluded Shareholders

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5 Information on Rail Consortium, Ports Consortium, BAPS Consortium, BidCo and Excluded Shareholders

5.1 Introduction

Under the Transaction:

- the Rail Consortium, via BidCo, will acquire the Scheme Shares under the Scheme (and will also acquire the Asciano Shares held by the Excluded Shareholders, under the Conditional Transfer Agreements which will complete at the same time as implementation of the Scheme, with the result that BidCo will own 100% of the Asciano Shares);
- the Ports Consortium, via Ports HoldCo, will acquire 100% of the shares in PortsCo under the Ports Sale Transaction (which is scheduled to complete on the Business Day before implementation of the Scheme and at the same time as completion of the BAPS Sale Transaction); and
- the BAPS Consortium, via BAPS HoldCo, will acquire 100% of the shares in BAPSCo under the BAPS Sale Transaction (which is scheduled to complete on the Business Day before implementation of the Scheme and at the same time as completion of the Ports Sale Transaction).

As a result:

- the Rail Consortium will own the Pacific National business;
- the Ports Consortium will own the Ports Business; and
- the BAPS Consortium will own the BAPS Business.

In this Scheme Booklet, "**Consortium**" means collectively the Rail Consortium, Ports Consortium and BAPS Consortium.

The table below summarises key information regarding the Consortium. Further information is set out in this Section 5.

	Rail Consortium	Ports Consortium	BAPS Consortium
Members and respective economic interest in consortium	CPPIB: 33% GIP (or its Related Corporations): 27% Shunrong: 16% Buckland: 12% bcIMC: 12%	Qube: 50% BIF: 33.5%[46] Buckland: 5.5%[46] bcIMC: 5.5%[46] Qatar Investco: 5.5%[46]	BIF: 67% Buckland: 11% bcIMC: 11% Qatar Investco: 11%
Jointly-owned acquisition vehicle	BidCo	Ports HoldCo	BAPS HoldCo
Target assets under the Transaction	Pacific National business (via ownership of 100% of Asciano)	Ports Business (via ownership of 100% of PortsCo)	BAPS Business (via ownership of 100% of BAPSCo)

5.2 Overview of the Consortium Members

(a) CPPIB

CPPIB is a Canadian federal Crown corporation created by the Canada Pension Plan Investment Board Act (Canada) (the "**CPPIB Act**") to invest and maximise the rate of return on assets of the Canada Pension Plan ("**CPP**"), Canada's national pension plan which operates for the benefit of 19 million contributors and beneficiaries. CPPIB invests funds not needed by the CPP to pay current benefits. Such investments are made via the acquisition of a diversified portfolio of public equity and private equity, real assets (real estate and infrastructure) and fixed income instruments. At 31 December 2015, the CPP Fund totalled C$282.6 billion, of which C$7.1 billion is invested in Australia. The CPP Fund is Canada's largest single-purpose pension fund and ranks among the 10 largest retirement funds in the world today. The CPP Fund is projected to grow to approximately C$300 billion by 2020 and over C$500 billion by 2030.

CPPIB operates independently from the CPP and at arm's-length from federal and provincial governments. Management of CPPIB reports not to governments, but to an independent, highly qualified board of directors. The CPPIB Act expressly provides that CPPIB is not an agent of Her Majesty in right of Canada, and directors, officers, employees and agents of CPPIB are not part of the federal public administration of Canada. CPPIB has an investment-only mandate. Its objects are to manage any amounts transferred to it in the best interests of contributors and their beneficiaries, and to invest those assets in order to achieve a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

CPPIB is a significant investor in Australia, with C$7.1 billion invested in real estate, infrastructure, public equities, real estate investment funds, and direct investments. These investments represented approximately 2.5% of the CPP Fund as at 31 December 2015. CPPIB has an established track record of investing in Australia, and considers it an attractice investment market.

46. BIF, Buckland, bcIMC and Qatar Investco will participate in the Ports Consortium via their respective ownership proportions in a sole entity, being Nitro Holding Trust No 1.

CPPIB is an experienced and long-term investor in infrastructure assets, and its investment in Asciano will fall within its infrastructure portfolio. CPPIB's infrastructure investments in Australia include:

- Broadcast Australia, a leading broadcast transmission provider in Australia;
- NorthConnex, a nine kilometre tunnel project in Sydney which will provide a direct connection from north to western and southern roads; and
- Westlink M7, a 40 kilometre toll road in Sydney's West connecting three of Sydney's busiest radial motorways.

CPPIB also has significant investments in the Australian real estate sector, including:

- Barangaroo South, a new development of two office towers as part of the Barangaroo South project in Sydney;
- a joint venture with DEXUS Property Group that owns a portfolio of prime office properties in major markets across Australia; and
- Goodman Australia Development Fund, a joint venture alongside Goodman Group that focuses on high-quality industrial properties.

CPPIB is headquartered in Toronto, Canada, and it has offices in Hong Kong, London, Luxembourg, Mumbai, New York and São Paulo.

Further details in relation to CPPIB (including copies of its annual reports) are available via its website at www.cppib.com.

(b) GIP

GIP is part of the Global Infrastructure Partners group ("**Global Infrastructure Partners**"). Global Infrastructure Partners is a leading global, independent infrastructure investor that combines deep industry experience with industrial best practice operational management.

Global Infrastructure Partners has offices in New York and London, with an affiliate office in Sydney and portfolio company operations headquarters in Stamford, Connecticut. At February 2016, Global Infrastructure Partners managed approximately US$29 billion for its investors.

Global Infrastructure Partners targets investments in single assets and portfolios of assets and companies in its three target industry sectors:

- energy – power and utilities;
- transport – natural resources infrastructure, air transport infrastructure, seaports and freight railroad; and
- water and waste – water distribution and treatment, and waste management.

Global Infrastructure Partners' investment approach is based on four core components:

- a well-resourced team with industry knowledge and financial and operational capability;
- a focused business and investment strategy;
- operational capability, which creates value for investors by improving the performance and service quality of its portfolio company assets; and
- strict investment discipline and careful selection of assets.

Global Infrastructure Partners' approach to achieving its investment strategy is as follows:

- focussing on larger scale investments in assets that provide essential services, have high barriers to entry and offer significant governance participation. Global Infrastructure Partners primarily targets opportunities in OECD countries, while maintaining a global perspective and the flexibility to pursue high quality assets with the potential for attractive risk-adjusted returns in selected non-OECD countries;
- maintaining in-depth knowledge of, and extensive relationships in, its three target industry sectors, which is critical to its ability to originate proprietary transactions, conduct effective and informed due diligence, structure investments and identify potential exits; and
- taking a conservative approach to leverage and ensuring that its investments have appropriate risk profiles. This approach also reflects Global Infrastructure Partners' view that investment discipline and operational value creation, rather than financial engineering, are the keys to successful infrastructure investing.

The partners and senior members of the Global Infrastructure Partners team have an average of over twenty years of complementary experience in investment banking, investing and operations in its three target industry sectors.

Through its operational capability, Global Infrastructure Partners aims to build sustainable management practices to achieve efficiencies and improve the performance and service quality of its portfolio company assets. Further information about Global Infrastructure Partners and its investments can be found at its website: www.global-infra.com.

(c) Shunrong

Shunrong is an indirect wholly owned subsidiary of China Investment Corporation ("**CIC**"), which is a wholly state-owned company incorporated on 29 September 2007 in accordance with China's Company Law. CIC was established as a vehicle to diversify China's foreign exchange holdings and achieve maximum returns for its shareholder within acceptable risk tolerances. As China's Sovereign Wealth Fund, CIC seeks sustainable and long-term risk-adjusted financial returns on its global investment portfolio and is operated strictly on a commercial basis. As at 31 December 2014, CIC's total assets amounted to US$746.73 billion.

CIC's investment activities fall into four major categories:

- implement traditional beta strategies in public market equities, fixed-income products, commodities, currencies, as well as cash management;
- manage proprietary portfolios and outsource liquid absolute-return portfolios;
- engage in private equity investment through external managers, co-investment vehicles, partnerships and separate accounts; and
- make and manage, on an in-house basis, direct large-scale investments with concentrated positions over longer time horizons.

Since its inception, CIC has invested, directly or through fund managers, in diversified infrastructure projects around the globe, including both core assets and opportunistic assets in industries such as transportation, energy, power, communications, water and waste treatment in both developed and emerging markets. For direct investment, CIC invested in Heathrow Airport, Thames Water, East Link Highway in Melbourne, Mong Duong II power plant in Vietnam and a liquefied natural gas export station in Trinidad and Tobago. CIC also invest in global, American and European infrastructure funds and work with top infrastructure managers on co-investment or club deals in the energy and public utilities infrastructure sectors.

With a long-term and solid track record, CIC has built extensive and close relations with recipient countries or region governments, institutional investors, multilateral development agencies, infrastructure fund managers and corporate and professional infrastructure construction and operation companies. CIC gradually set up a global infrastructure investment platform, built a strong investment team and gained positive returns on our infrastructure investments.

CIC Capital Corporation ("**CIC Capital**") is a wholly-owned direct subsidiary of CIC, and is a market-oriented commercial entity with a specialised mandate and global reach. CIC Capital was incorporated in January 2015 with a mandate to specialise in making direct investments to refine CIC's overall portfolio management and enhance investment on long-term assets. As CIC's direct investment arm, CIC Capital is mandated to make direct investments and manage bilateral and multilateral fund investments in order to pursue long-term financial returns and promote international investment cooperation.

Shunrong was incorporated in August 2015, and is a direct wholly owned subsidiary of CIC Capital. Shunrong will, subject to obtaining FIRB approval, hold CIC Capital's interest in Rail HoldCo.

Further information in relation to CIC and CIC Capital is available via its website at www.china-inv.cn.

(d) Qube

Qube is Australia's largest provider of integrated import and export logistics targeting freight moving to and from ports. It has nation-wide operations near ports and rail facilities from which it provides a broad range of logistics services. Listed on the ASX with a market capitalisation of ~A$3.14 billion (as at 19 April 2016), Qube operates three divisions covering port and bulk logistics, landside logistics and strategic development assets.

Ports & Bulk division

Qube's Ports & Bulk division is focused on the provision of a broad range of logistics services relating to the import and export of mainly non-containerised freight, with a major focus on automotive, bulk and break bulk products.

Qube's port logistics activities are focused on the provision of an integrated logistics solution for the automotive industry, covering a range of activities including facilities management, stevedoring, processing and delivery. This division also provides stevedoring and related logistics services for the oil and gas industry, forestry products and project and general cargo.

Qube's bulk logistics activities are aimed at offering customers a comprehensive logistics solution from mine-to-ship, covering activities including transport, stockpile management, ship loading facilities and stevedoring. Qube handles a diverse range of commodities including iron ore, manganese, copper concentrate, nickel concentrate and mineral sands. The main operations are located in Western Australia and Queensland.

Qube's Ports & Bulk division is a national operator with 29 port locations in Australia including on-wharf and port precinct facilities in all Australian capital city ports, as well as both dry bulk materials and general cargo facilities in regional port locations. The division also provides port and stevedoring services in 11 locations in New Zealand.

In addition, Qube has investments in a number of related transport and logistics businesses:

- **AAT**: a multi-user facility provider to stevedores, currently operating terminals in all of the major Australian ports except Fremantle. One of AAT's primary businesses is providing facilities for handling vehicle imports. Qube currently owns a 50% joint venture interest in AAT, with the other 50% interest owned by Asciano.
- **Prixcar**: one of Australia's largest automotive storage, processing and rectification services. Qube currently owns an indirect 25% interest in Prixcar through its 50% joint ownership of "K" Line Auto Logistics ("**KLAL**") with Kawasaki Kisen Kaisha. The other 50% interest is owned by Toll Holdings Limited.
- **Northern Stevedoring Services ("NSS")**: a provider of stevedoring and related integrated logistics services, primarily to the bulk and break bulk product markets in North Queensland. Qube owns a 50% interest in NSS, with the other 50% interest owned by Glencore.

Logistics division

The primary focus of the logistics division is providing a broad range of services relating to the import and export of containerised cargo. The division offers an integrated solution suite covering multiple aspects of the supply chain, including the physical and documentary processes and tasks such as road and rail transport of containers to and from ports, operation of full and empty container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding and bulk rail haulage for rural commodities. The business operates nationally with strategic locations near the ports in key capital cities.

Qube Logistics provides services across 36 sites nationally, with facilities located in all Australian capital city ports and an expanding footprint in inland metropolitan and country regional areas with connections to Australian ports.

Strategic Developments Assets division

Qube's Strategic Developments Assets division holds interests in a number of strategically located properties suitable for development into logistics infrastructure and operations:

- **Moorebank inland terminal development (67%)**[47]: a 240ha site (including land to be leased from the Commonwealth) located at the junction of the M5 and M7 motorways and future rail access to the Southern Sydney Freight Line. The Moorebank inland terminal development is expected to become the largest intermodal logistics precinct in Australia, with Qube's import-export and interstate rail terminal operations expected to handle up to 1.5m TEUs[48] per annum. Related logistics activities that are expected to be undertaken on the site include high specification warehousing, distribution, customs and quarantine processing.
- **Minto property (100%)**: similar to the Moorebank inland terminal development, the Minto property is located on the dedicated freight rail line, and is currently under lease to PrixCar (in which Qube owns a 25% interest) for the processing and storage of motor vehicles. The opportunity exists to develop Minto into an intermodal terminal logistics precinct, albeit at a smaller scale than Moorebank.
- **Quattro grain export joint venture (37.5%)**: a multi-user grain storage and handling facility that has been developed at Port Kembla. Qube holds a 37.5% interest in the joint venture, with the other interests held by Noble Resources (a member of Noble Agri), Emerald Grain and Cargill.
- **TQ Holdings joint venture (50%)**: established for the purpose of developing a major fuel storage facility in Port Kembla and potentially other sites in response to opportunities created by a shortage of fuel storage capacity in Australia. Qube and Japanese petroleum group TonenGeneral each hold a 50% interest in the joint venture.

(e) Brookfield

The Brookfield Group owns, operates and manages approximately US$51 billion of infrastructure assets, overseen by over 140 professionals and 12,000 operating employees, who actively manage assets spanning transportation, renewable power, utilities and energy, with extensive operations in North and South America, Europe and Australasia.

The Brookfield Group has a long-established and successful track record in infrastructure investing. Over the past 15 years, it has deployed over US$20 billion of equity capital in more than 80 infrastructure investments.

The Brookfield Group, which includes leading infrastructure and renewable energy platforms, offers infrastructure investment strategies that aim to achieve superior, long-term, risk-adjusted returns. The group has a long history of strategic, deep-value investing and expertise in corporate restructuring, which provides a strong basis for creating value, and has been central to its investment approach.

The Brookfield Group's infrastructure operations are held through:

- Brookfield Asset Management's approximate 30% economic ownership interest in Brookfield Infrastructure Partners ("**BIP**"), the flagship Brookfield Group public infrastructure vehicle, listed on the New York and Toronto Stock Exchanges, which had a market capitalisation of approximately US$9.6 billion as at 15 March 2016; and
- certain global private infrastructure funds managed by Brookfield. Following the successful launch of Brookfield's first private infrastructure fund in 2009, Brookfield Infrastructure Fund II ("**BIF**") was established in 2013 with committed capital of US$7 billion as Brookfield's primary global private infrastructure vehicle. Investors in BIF include BIP (which holds an interest of approximately 40%) and external investors, consisting generally of recognised institutional and wholesale limited partners from around the world.

Under the management of the Brookfield Group, both BIP and BIF have assembled a high-quality portfolio of transportation, utilities, energy and communications infrastructure assets and have:

- a track record of profitability, investing significant capital throughout business cycles;
- operational expertise, which enhances deal sourcing, formulation of investment theses, due diligence and asset management;
- a well-established structuring capability to execute multi-faceted transactions, such as recapitalizations and financial restructurings, to acquire assets on a value basis; and
- extensive development and construction capability to drive further value creation.

The Brookfield parties to the Transaction documents are Brookfield Infrastructure Partners Limited ("**BIPL**") as general partner of BIP and BIF II GP Bermuda Limited as general partner of BIF Nitro AIV (Bermuda) LP. Brookfield's investment in the Transaction will be made through BIF, into which BIP has made a 40% commitment.

47. In addition to its ownership interest in the Moorebank inland terminal development, Qube has a broad range of management rights over the development and operations of the site.
48. TEU = Twenty-foot Equivalent Unit.

Key aspects of Brookfield Infrastructure's businesses and certain assets held through Brookfield's first private infrastructure fund and BIF include:

- Utilities – the utilities segment owns and operates both regulated assets and contracted businesses. Returns are typically determined for prescribed periods of time and are subject to customary reviews based upon established criteria. Assets have significant competitive advantage owing to regulatory frameworks and economies of scale. Stable revenues and margins are expected to increase with investment of additional capital and inflation. Some of the assets comprising Brookfield Infrastructure's utilities segment include:
  - Australian Regulated Terminal – a port facility that exports metallurgical and thermal coal mined in the central Bowen Basin region of Queensland, Australia, Dalrymple Bay Coal Terminal is one of the world's largest export terminals, accounting for approximately 20% of global seaborne metallurgical coal exports and 6% of total global seaborne coal exports;
  - Colombian Regulated Distribution – an electricity distribution network in the Boyacá region of Colombia, home to 1.3 million residents with approximately 440,000 customers; and
  - North American Transmission – a regulated network of 600 kilometres of transmission lines and six substations in Texas.
- Transport – the transport segment is comprised of open access systems that provide transportation, storage and handling services for freight, bulk commodities and passengers, for which Brookfield Infrastructure is paid an access fee. Revenues are generally stable and, in many cases, are supported by contracts or customer relationships. Brookfield Infrastructure's transport segment is expected to benefit from increases in demand for commodities and increases in the global movement of goods. Some of the assets comprising the transport segment include:
  - North American Container Terminal – a port operation comprised of gateway container terminals in the ports of Los Angeles and Oakland, which operate under long-term terminal leases with the Los Angeles and Oakland port authorities;
  - South American Toll Roads – a portfolio comprised of approximately 3,300 kilometres of urban and interurban motorways in Brazil and Chile; and
  - Brazilian Integrated Logistics Business – an integrated transportation system of rail, transhipment terminals, port terminal operations and almost 18,000 locomotives and wagons.
- Energy – the energy segment is comprised of systems that provide storage and distribution services. This portfolio includes businesses that are essentially unregulated like the district energy business. The group's energy segment is expected to benefit from forecasted increases in demand for energy. Some of the assets comprising the energy segment are:
  - North American Gas Storage – a portfolio of 600 billion cubic feet (bcf) of natural gas storage in the U.S. and Canada; and
  - District Energy – a portfolio of district heating and cooling companies across seven cities in the U.S. and Canada.
- Communications Infrastructure – the communications infrastructure segment provides essential services and critical infrastructure to the media broadcasting and telecom sectors. These services and access to infrastructure are contracted on a long-term basis with tariff escalation mechanisms. The communications infrastructure segment is comprised of TDF, the largest independent communication tower infrastructure business in France with 7,000 multi-purpose towers and active rooftop sites and 5,000 km of fibre backbone.

(f) Buckland

Buckland Investment Pte Ltd ("**Buckland**") is incorporated in Singapore. It is indirectly wholly owned by GIC (Ventures) Pte Ltd, which is an investment holding company for investments managed by GIC Special Investments Private Limited, the private equity and infrastructure arm of GIC Private Limited ("**GIC**").

GIC was incorporated in 1981 under the Singapore Companies Act and is wholly owned by the Government of Singapore. It was set up with the sole purpose of managing Singapore's foreign reserves. GIC invests well over US$100 billion internationally in a wide range of asset classes and instruments. As a rule, GIC invests outside Singapore.

(g) bcIMC

bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust ("**bcIMC**") is a controlled entity of British Columbia Investment Management Corporation. British Columbia Investment Management Corporation is a company incorporated pursuant to an Act of the Government of the Province of British Columbia, Canada, the Public Sector Pension Plans Act, and its one share is held by the Minister of Finance for British Columbia. With a global portfolio of more than C$123.6 billion (as at 31 March 2015), British Columbia Investment Management Corporation is one of Canada's largest institutional investors within the capital markets. It invests on behalf of public sector clients in British Columbia. Its activities help finance the retirement benefits of more than 526,000 pension plan members, as well as the insurance and benefit funds that cover over 2.2 million workers in British Columbia.

(h) Qatar Investco

Qatar Investco is a wholly-owned Cayman subsidiary of Qatar Holding LLC, which is itself a wholly-owned subsidiary of Qatar Investment Authority ("**QIA**"). QIA was established as a government entity pursuant to the Emiri Decision No. 22 of 2005. The purpose of QIA is to develop, invest and manage reserve funds and other assets assigned to it by the State of Qatar. Further information is available on QIA's website: https://www.qia.qa/.

5.3 Information regarding BidCo and the Rail Consortium

(a) BidCo

BidCo was incorporated as a proprietary limited company registered in the State of Victoria, Australia on 14 April 2016 for the purpose of acquiring Asciano Shares under the Scheme and Conditional Transfer Agreements.

BidCo is a wholly-owned Subsidiary of Rail HoldCo, also incorporated as a proprietary limited company registered in the State of Victoria, Australia on 14 April 2016. Rail HoldCo was incorporated for the purpose of holding shares in BidCo and to provide BidCo funding for the Scheme Consideration. That funding will be received from the Rail Consortium Members (or their respective Related Corporations) and the Ports HoldCo lender (see Section 5.3(c)).

As at the Implementation Date, the issued shares of Rail HoldCo will be held or controlled:

- 27% by GIP (or its Related Corporations);
- 33% by CPPIB Australia (or its Related Corporations);[49]
- 16% by Shunrong (or its Related Corporations);
- 12% by Buckland (or its Related Corporations); and
- 12% by bcIMC (or its Related Corporations).

Until the Implementation Date, each person below will have the ability to nominate, or cause to be nominated, the number of directors indicated (or pending allocation of shares in Rail HoldCo to the person or their Related Corporations, a corresponding number of observers) to each of the Rail HoldCo and BidCo boards:

- GIP (or its Related Corporations) – 3 directors;
- CPPIB Australia (or its Related Corporations) – 4 directors;[49]
- Shunrong (or its Related Corporations) – 2 directors;
- Buckland (or its Related Corporations) – 1 director; and
- bcIMC (or its Related Corporations) – 1 director.

After the Implementation Date, Rail HoldCo and BidCo will be managed in accordance with a Rail HoldCo Investors' Agreement which is described in Section 5.3(b)(iv).

(b) BidCo's intentions following implementation of the Scheme

(i) Introduction

This Section 5.3(b) sets out BidCo's intentions in relation to:

- the continuation of the business of Asciano;
- any major changes to the business of Asciano, including any redeployment of the fixed assets of Asciano; and
- the future employment of the present employees of Asciano,

assuming BidCo acquires 100% of the Asciano Shares as a result of implementation of the Scheme and completion of the Conditional Transfer Agreements.

As BidCo will acquire Asciano after the Ports Business has been sold to Ports HoldCo and after the BAPS Business has been sold to BAPS HoldCo, the intentions regarding Asciano are essentially intentions in relation to the Pacific National business. For Ports HoldCo's intentions in relation to the Ports Business, see Section 5.4(c). For BAPS HoldCo's intentions in relation to the BAPS Business, see Section 5.5(c).

These intentions of BidCo are based on the information concerning Asciano, its business and the general business environment which is known to BidCo at the time of preparation of this Scheme Booklet, which is limited to publicly available information and additional confirmatory due diligence information provided by Asciano.

BidCo does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by BidCo in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 5.3(b) are statements of current intention only, which may change as new information becomes available to BidCo or as circumstances change.

The intentions of the Rail Consortium Members concerning the businesses, assets and employees of Asciano are the same as the intentions of BidCo set out in this Section 5.3(b).

49. CPPIB Australia will hold 33% of A Class shares in Rail HoldCo and 30% of B Class shares, with 3% of B Class shares to be held by 9636951 Canada Inc., a private Canadian company. 9636951 Canada Inc. is subject to an agreement whereby it will only vote and transfer the B Class shares held by it in accordance with instructions from CPPIB Australia.

(ii) Corporate matters

Board of directors and delisting

It is intended that BidCo would:

- arrange for Asciano to be removed from the Official List of ASX;
- replace all members of the Asciano Board with nominees of BidCo, in accordance with a Rail HoldCo Investors' Agreement which is described in Section 5.3(b)(iv). The relevant nominees have not yet been identified. Final decisions on the selection of nominees will be made in light of the circumstances at the relevant time.

Strategy and operations - Pacific National

It is generally intended that the Pacific National business will continue to be run in a manner consistent with its operating platform in recent years, subject to strategic review processes to be conducted post-acquisition. BidCo intends to maintain the quality and reliability of service that customers have been accustomed to while seeking to improve efficiencies and manage costs in a competitive and difficult operating environment for certain customers, particularly in certain bulk haulage business lines such as coal and steel. BidCo looks forward to generating efficiencies across its network through initiatives such as the new national operating centre.

(iii) Head office and employees

Post-acquisition, BidCo intends to undertake a detailed review of the corporate head office functions and, in the context of delisting and the pre-Scheme separation out of Asciano of the Ports Business and the BAPS Business, assess the required corporate support function, given that Asciano's business will change to focus on the Pacific National business. This review will also involve specific considerations of staffing and organisational structure.

(iv) Rail HoldCo Investors' Agreement

The Rail Consortium Members propose to enter into a Rail HoldCo Investors' Agreement prior to the Implementation Date, which will regulate the management and conduct of Rail HoldCo and BidCo, and the acquisition of direct or indirect interests in Rail HoldCo and BidCo, on and from the Implementation Date.

(v) Limitation on intentions

The intentions and statements of future conduct, and the ability of BidCo to implement its intentions, set out in this Section 5.3(b) must be read as being subject to:

- the law (including the Corporations Act);
- the legal obligation of the BidCo directors at the time to act in good faith in the best interests of BidCo and for proper purposes and to have regard to the interests of all BidCo shareholders; and
- the outcome of the review processes referred to in this Section 5.3(b), which may alter or prevent the achievement of certain intentions set out above.

(c) Funding of the Scheme Consideration

(i) Introduction

The Scheme Consideration will be provided wholly in cash. The aggregate Scheme Consideration payable by BidCo under the Scheme will be approximately $4,919,373,500, assuming:

- that Asciano will pay a Special Dividend of $0.90 per Asciano Share, so that the Scheme Consideration is reduced to $8.25 per Scheme Share; and
- that there are 596,287,697 Scheme Shares (this is the estimated number of Asciano Shares on issue as at the Scheme Record Date (being 976,150,893 Asciano Shares[50] less the 379,863,196 Asciano Shares held by the Excluded Shareholders which are to be acquired by BidCo under the Conditional Transfer Agreements outside of the Scheme (see Section 5.7)).

50. As disclosed in Section 3.6(a), as at 15 April 2016 there are 975,385,664 issued Asciano Shares, and a total of 3,339,496 Asciano Performance Rights are currently or are, on the date of the Scheme Meeting, expected to be outstanding under Asciano's long and short-term incentive plans. Under the Scheme Implementation Deed and related disclosure letter, Asciano can grant a maximum of $2,374,148 of Asciano Performance Rights for FY 16 (equal to 259,470 Asciano Performance Rights assuming an Asciano Share price of $9.15) and 50,000 Asciano Performance Rights for FY 17, without those grants constituting an Asciano Prescribed Occurrence. Assuming all such Asciano Performance Rights are granted, and that all outstanding and those newly granted Asciano Performance Rights vest, a maximum of 3,648,966 Asciano Performance Rights could effectively convert into Asciano Shares. As also disclosed in Section 3.6(a), as at 15 April 2016, Asciano has 2,883,737 Asciano Shares held in trust to satisfy vesting of Asciano Performance Rights. Therefore, a maximum of 765,229 further Asciano Shares could be issued upon vesting of Asciano Performance Rights (however, if Asciano chooses to satisfy the vesting of Asciano Performance Rights through the acquisition of Asciano Shares on-market, a smaller number of Asciano Shares would be issued). This maximum number of 765,229 Asciano Shares, aggregated with the existing 975,385,664 issued Asciano Shares, equals 976,150,893 Asciano Shares.

(ii) Funding sources for aggregate Scheme Consideration

BidCo will obtain the funds to pay the estimated aggregate Scheme Consideration of approximately $4,919,373,500 as follows:

- by drawing down a $905 million interest-free and unsecured loan under a facility provided pursuant to a Ports Loan Agreement entered into by BidCo with Ports HoldCo; and
- through a loan from BidCo's parent, Rail HoldCo, of approximately $4,014,373,500.[51]

Further information about the funding sources for each of these loans is set out below in parts (iii) and (iv) of this Section 5.3(c).

Drawdown under the Ports Loan Agreement is conditional upon the Scheme becoming Effective and the proposed utilisation date occurring on or after the date of payment of any Special Dividend.[52,53]

The loan from Rail HoldCo to BidCo is conditional only upon Rail HoldCo receiving the requisite Rail HoldCo loan subscription monies from the Rail Consortium Members (or their respective Related Corporations).

(iii) Funding sources for loan from Rail HoldCo to BidCo

As stated above, BidCo will obtain a loan from its parent, Rail HoldCo (estimated to be for an amount of approximately $4,014,373,500) which will be used by BidCo to partly fund the total aggregate Scheme Consideration. Under the terms of the Framework Deed, Rail HoldCo must provide that loan to BidCo no later than the Business Day before the Implementation Date, if the Scheme becomes Effective.

Each Rail Consortium Member is obliged under the terms of the Framework Deed to loan (or procure that their respective Related Corporations loan to) Rail HoldCo the amount described above (by way of loan note subscriptions), for on-lending by Rail HoldCo to BidCo.

Each Rail Consortium Member has available to it the following sources of funding:

- In respect of GIP, GIP and Rail HoldCo are beneficiaries of legally binding commitment letters from Global Infrastructure GP II, L.P.; Global Infrastructure Partners II-A1, L.P.; GIP II-B Bell Jersey, L.P.; GIP II-C Bell Jersey, L.P.; Global Infrastructure Partners II-D1, L.P.; and GIP II Friends & Family Fund, L.P. (the "**GIP Entities**") (which are Related Corporations of GIP), up to a maximum amount of $673 million.

  Further:

  - GIP received approximately $10,014,238 as the Interim Dividend payment on its 77,032,604 Asciano Shares; and
  - assuming a Special Dividend of $0.90 per Asciano Share is paid, GIP will receive approximately $69,329,343 as a dividend payment on its 77,032,604 Asciano Shares.

  GIP will ensure that amounts equal to its Interim Dividend monies and any Special Dividend monies are available to subscribe for unsecured Rail HoldCo loan notes for on-lending to BidCo for the purposes of paying the aggregate Scheme Consideration.

- In respect of CPPIB, CPPIB Australia and Rail HoldCo are beneficiaries of legally binding commitment letters from CPPIB (of which CPPIB Australia is a wholly-owned Subsidiary), up to a maximum amount of $1,200 million.

  Further:

  - CPPIB and CPPIB Australia in aggregate received approximately $6,950,242 as the Interim Dividend payment on their aggregate 53,463,403 Asciano Shares; and
  - assuming a Special Dividend of $0.90 per Asciano Share is paid, CPPIB and CPPIB Australia will in aggregate receive approximately $48,117,062 as a dividend payment on their aggregate 53,463,403 Asciano Shares.

  CPPIB and CPPIB Australia will ensure that amounts equal to their respective Interim Dividend monies and any Special Dividend monies are available to subscribe for unsecured Rail HoldCo loan notes for the purposes of on-lending to BidCo to pay the aggregate Scheme Consideration.

- In respect of Shunrong, Shunrong and Rail HoldCo are beneficiaries of legally binding commitment letters from CIC Capital (of which Shunrong is a wholly-owned Subsidiary), up to a maximum amount of $823 million.
- In respect of Buckland, Buckland and Rail HoldCo are beneficiaries of legally binding commitment letters from GIC Infra Holdings Pte Ltd (of which Buckland is a wholly-owned Subsidiary), up to a maximum amount of $617 million.
- In respect of bcIMC, bcIMC and Rail HoldCo are beneficiaries of legally binding commitment letters from British Columbia Investment Management Corporation (of which bcIMC is a controlled entity), up to a maximum amount of $617 million.

The obligations of the GIP Entities, CPPIB, CIC Capital, GIC Infra Holdings Pte Ltd and British Columbia Investment Management Corporation to provide their respective committed funding under their respective commitment letters is inter-conditional on the other entities providing their committed funding and subject to all conditions to the Scheme being satisfied or waived and to the Scheme becoming Effective. Each of those entities has confirmed that it has and will maintain access to unfunded capital commitments, or has and will maintain all necessary funds from internal resources, in amounts not less than their respective committed amounts.

The equity commitments referred to above, in aggregate, amount to $3.93 billion. When those equity commitment amounts are aggregated with the loan available under the Ports Loan Agreement and the Interim Dividend amounts paid and any Special Dividend amounts to be paid to CPPIB, CPPIB Australia and GIP[54], the aggregate funding sources available to the Rail Consortium Members and BidCo, is in excess of the estimated aggregate Scheme Consideration of $4,919,373,500, payable by BidCo.

51. To the extent that Asciano pays a Special Dividend of less than $0.90 per Asciano Share or does not pay any Special Dividend, the amount lent to BidCo under the Ports Loan Agreement will be increased as described in Section 5.6(e), and the amount of the loan to BidCo from Rail HoldCo will be adjusted to be equal to the increased aggregate Scheme Consideration amount less the increased loan amount under the Ports Loan Agreement. The aggregate of the equity commitment amounts, Interim Dividend amounts and any Special Dividend amounts described in Section 5.3(c)(iii) is in excess of the maximum possible adjusted Rail HoldCo loan amount to BidCo.
52. With respect to the utilisation date, it has been agreed in the Scheme Implementation Deed that the Scheme Record Date will be on a date after the Special Dividend Payment Date, the aggregate Scheme Consideration is required to be paid into the Asciano trust account not later than the Business Day before the Implementation Date, and the Implementation Date will not be less than 5 Business Days after the Scheme Record Date.
53. The loan under the Ports Loan Agreement will be repaid by the endorsement by BidCo in favour of Ports HoldCo of a Ports HoldCo-issued promissory note (which will have a face value equal to the loan amount under the Ports Loan Agreement) that Ports HoldCo will provide to Asciano on completion of the Ports Sale Agreement, and which Asciano will distribute to BidCo (see Section 5.6(e)).
54. As noted above, to the extent that Asciano pays a Special Dividend of less than $0.90 per Asciano Share or does not pay any Special Dividend, the amount lent to BidCo under the Ports Loan Agreement will be increased as described in Section 5.6(e) and the amount of the loan to BidCo from Rail HoldCo will be adjusted to be equal to the increased aggregate Scheme Consideration amount less the increased loan amount under the Ports Loan Agreement. The aggregate of the equity commitment amounts, Interim Dividend amounts and any Special Dividend amounts described in Section 5.3(c)(iii) is in excess of the maximum possible adjusted Rail HoldCo loan amount to BidCo.

(iv) Funding sources for Ports Loan Agreement

There are two sources of funding for provision of the Ports Loan Agreement from Ports HoldCo to BidCo, being the Subscription Agreement and the Ports Acquisition Debt Facilities (both of which are defined below).

Subscription Agreement

The following parties have entered into a subscription agreement dated 15 March 2016 ("**Subscription Agreement**"):

- Ports TopCo;
- Qube Holdings Limited;
- Qube Logistics (Aust) Pty Ltd; and
- Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1.

Under the terms of the Subscription Agreement, Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1 and Qube Logistics (Aust) Pty Ltd agree to subscribe for shares in, and/or provide shareholder loans to, Ports TopCo, for a total amount equivalent to $1,914,999,900.00. The consideration payable will be a combination of cash and promissory notes. The total amount of cash to be provided by Nitro Holding Trust No 1 and Qube Logistics (Aust) Pty Ltd (whether through subscription for shares or provision of shareholder loans) for the purposes of Ports HoldCo's obligations under the Ports Loan Agreement is $464 million. This amount may vary depending on the value of the Special Dividend to be paid by Asciano, however Ports HoldCo will have sufficient cash available to it under the Subscription Agreement and Ports Acquisition Debt Facilities to satisfy its obligations under the Ports Loan Agreement.[55]

Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1 and Qube Logistics (Aust) Pty Ltd have agreed to procure that Ports TopCo then provides these funds on to Ports HoldCo to, among other things, meet Ports HoldCo's obligations in respect of the Ports Loan Agreement.

The parties' obligations under the Subscription Agreement are conditional upon the Scheme becoming Effective.

Qube will provide Qube Logistics (Aust) Pty Ltd, which is Qube's indirectly wholly owned subsidiary, with the required funding to satisfy its obligations under the Subscription Agreement. Qube has confirmed that it has, and will maintain access to, sufficient cash reserves, undrawn debt facilities and other commitments in amounts not less than the committed subscription amount of Qube Logistics (Aust) Pty Ltd under the Subscription Agreement (which is 50% of the total amount to be subscribed to Ports TopCo under that agreement). Qube Logistics (Aust) Pty Ltd will have access to these funds for the purposes of the Subscription Agreement. Qube is also obliged to procure that Qube Logistics (Aust) Pty Ltd performs its subscription obligations under the Subscription Agreement.

The amount to be subscribed by Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1 (which is 50% of the total amount to be subscribed to Ports TopCo under the Subscription Agreement) under the Subscription Agreement will be funded by the Ports Commitment Letters (defined below). Nitro TC No 1 Pty Ltd, in its capacity as trustee of Nitro Holding Trust No 1, and BAPSH Pty Limited are the beneficiaries of legally binding commitment letters (the "**Ports Commitment Letters**") from:

- BIF II GP Bermuda Limited as general partner of BIF Nitro AIV (Bermuda) LP.;
- British Columbia Investment Management Corporation in its capacity as trustee for the Strategic Infrastructure Fund (Foreign) (of which bcIMC is a controlled entity);
- Buckland; and
- Qatar Holding LLC (of which Qatar Investco is a wholly-owned entity),

(collectively the "**Ports CL Participants**"), under which the Ports CL Participants agree to provide funding to Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1, for on-provision to Ports TopCo under the Subscription Agreement (and also to the ultimate holding company of BAPS HoldCo in connection with the acquisition of the BAPS Business) an aggregate amount exceeding Nitro TC No 1 Pty Ltd's committed subscription amount under the Subscription Agreement (which is 50% of the total amount to be subscribed to Ports TopCo under that agreement).

Each of the Ports CL Participants entities has confirmed that it has and will maintain access to undrawn capital commitments, or it has access to undrawn capital commitments, or has and will maintain all necessary funds from internal resources, in amounts not less than their respective committed amounts.

Ports Acquisition Debt Facilities

The second source of funds for funding of the Ports Loan Agreement is the Ports acquisition debt facility.

Ports HoldCo, as the initial borrower, has entered into a senior secured syndicated facility agreement with, amongst others, Australia and New Zealand Banking Group Limited, Citibank N.A., Sydney Branch, Commonwealth Bank of Australia, National Australia Bank Limited and Sumitomo Mitsui Banking Corporation (each as original lender and mandated lead arranger and underwriter).

Under the facilities provided under the syndicated facility agreement (collectively the "**Ports Acquisition Debt Facilities**"), Ports HoldCo has the following commitments available:

- $1,000,000,000 available to it for the purpose of payment of:
  - the consideration payable for the acquisition of PortsCo; and
  - all costs, fees and expenses incurred by Ports HoldCo in connection with the acquisition by Ports HoldCo of the shares in PortsCo as contemplated by the Ports Sale Agreement and the establishment of the facilities.

  These funds are to be applied in accordance with an agreed funds flow statement, including to meet the obligations of Ports HoldCo in respect of the Ports Loan Agreement to BidCo; and
- $50,000,000 available to it and any of its wholly-owned subsidiaries that become borrowers under the Ports Acquisition Debt Facilities for the general corporate and working capital purposes of Patrick Terminals Holdings No 2 Pty Ltd (the direct subsidiary of Ports TopCo) and its subsidiaries from time to time.

55. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance at the Implementation Date. The franking account balance is expected to cover a fully franked Special Dividend of at least $0.80 per Asciano Share.

The Ports Acquisition Debt Facilities have been made available on a "certain funds" basis until 10 September 2016 or such later date as agreed in writing between Ports HoldCo and the original lenders.

During the certain funds period the lenders agree that:

- any duly completed funding request under the Ports Acquisition Debt Facilities for the purpose of completing the acquisition of PortsCo as contemplated by the Ports Sale Agreement or making other payments due as a part of completion of the acquisition of PortsCo under the Ports Sale Agreement (including the payment of any costs, fees and expenses incurred in connection with the acquisition of PortsCo and establishment of the Ports Acquisition Debt Facilities which are payable by Ports HoldCo) will be complied with; and
- any rights which exist in favour of the lenders to cancel their commitment or a facility or to rescind or terminate a facility (or related finance document), or to accelerate repayment of a facility, or to enforce any security interest or to exercise any right of set-off or counterclaim in relation to any drawing to be made on financial close, will not be exercised,

but only to the extent that none of the following events has occurred and is subsisting at the time of such request or on the funding date for such request:

- certain customary conditions precedent (including, amongst others, evidence that Ports HoldCo has been capitalised by way of certain equity contributions and that completion of the acquisition of PortsCo under the Ports Sale Agreement will occur within 1 Business Day of financial close) have not been satisfied or waived or will not be satisfied or waived simultaneously with financial close or in the case of certain conditions precedent, within 1 Business Day after completion of the acquisition of PortsCo under the Ports Sale Agreement;
- any "Major Representation" (being certain representations and warranties) is untrue or misleading in any material respect;
- any "Major Default" is subsisting or would result from the drawing being advanced to fund the acquisition of PortsCo; or
- it is unlawful for the lenders to provide their share of the drawing, for any reason.

The majority of the documentary conditions precedent to drawing under the Ports Acquisition Debt Facilities have been satisfied. The remaining conditions precedent are intended to be satisfied concurrently with, or immediately prior to, first drawdown of the Ports Acquisition Debt Facilities in advance of completion of the acquisition of PortsCo and the Implementation Date or within 1 Business Day after completion of the acquisition of PortsCo.

5.4 Information regarding Ports HoldCo and Ports Consortium

(a) Ports HoldCo

Ports HoldCo has been incorporated for the purpose of holding the investment in the Ports Business, and as such, it currently holds no assets of its own. It is indirectly owned by Ports TopCo.

(b) Ports Consortium

Ports TopCo is indirectly owned by the Ports Consortium in the following proportions:

- BIF (33.5%), Buckland (5.5%), bcIMC (5.5%) and Qatar Investco (5.5%) (totalling 50%); and
- Qube (50%).

The direct shareholders in Ports TopCo are Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1 (50%) and Qube Logistics (Aust) Pty Ltd (50%), who have entered into a shareholders agreement to govern their relationship and the running of the Ports Business.

The Nitro Holding Trust No 1 is owned by BIF (67%), Buckland (11%), bcIMC (11%) and Qatar Investco (11%). Those parties have entered into arrangements to govern their relationship and ownership of the trust, and exercise of its rights in relation to the running of the Ports Business.

(c) Ports HoldCo's intentions following completion of the Ports Sale Transaction

Ports HoldCo is a special purpose vehicle established for the purpose of holding the investment in the Ports Business. Accordingly, the intentions of Ports HoldCo are the same as the intentions of the Ports Consortium Members.

(i) Introduction

Under the Ports Sale Agreement, Ports HoldCo will acquire PortsCo, and therefore the Ports Business, from Asciano. This Section 5.4(c) sets out Ports HoldCo's intentions in respect of:

- the continuation of the business of PortsCo;
- any major changes to the business of PortsCo, including any redeployment of the fixed assets of PortsCo; and
- the future employment of the present employees of PortsCo,

assuming successful completion of the Ports Sale Transaction.

These intentions are based on the information concerning Asciano, its business and the general business environment which is known to Ports HoldCo at the time of preparation of this Scheme Booklet, which is limited to publicly available information and additional confirmatory due diligence information provided by Asciano.

Ports HoldCo does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by Ports HoldCo in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 5.4(c) are statements of current intention only, which may change as new information becomes available to Ports HoldCo or as circumstances change.

(ii) Corporate matters

Boards of directors

It is intended that Ports HoldCo would seek to reconstitute the boards of PortsCo and the other entities comprising the Ports Business with nominees of Ports HoldCo. Ports HoldCo has not yet made any decision as to who would be nominated or selected for appointment to each board.

Strategy and operations

Ports HoldCo intends to leverage on the ports and container logistics expertise of the shareholders in Ports TopCo (the ultimate holding entity of Ports HoldCo), further developing PortsCo's capabilities and efficiently delivering services that are recognised as market leading within the Australian market.

Key focus areas include:

- empowerment of management and employees to make decisions (including the streamlining of management and decision making structures);
- strategic investment in equipment and systems to drive operational improvements, efficiencies and enhanced integration with landside logistics; and
- consistent delivery of high performance and value-adding services to customers.

(iii) PortsCo head office and employees

The PortsCo head office currently manages Asciano's:

- Terminals and Logistics business; and
- BAPS business.

Subject to the Ports Sale Agreement completing, under Ports HoldCo ownership, it is intended that the PortsCo head office management scope would be adjusted to focus purely on the Terminals business, being the Ports Business which is being acquired. The existing PortsCo divisional corporate structure would be aligned to reflect the more focused management scope.

Ports HoldCo intends to undertake a review of those shared services currently provided to PortsCo by Asciano and external entities.

(iv) General operational review

Certain business improvement and operational improvement opportunities have been identified by Ports HoldCo.

Business improvement initiatives include further automation in Port Botany and Fisherman Islands and redevelopment of Port Botany's rail operations. These initiatives are expected to deliver enhanced operational efficiencies. The redevelopment of Port Botany's rail operations is expected to significantly enhance the port/rail interface and facilitate further rail volume development.

Operational improvement initiatives are expected to encompass various areas, including an overhaul of maintenance arrangements and initiatives to improve landside interface (with enhanced focus on rail interface). Procurement and targeted commercial and/or operational improvements will be targeted for certain aspects of PortsCo operations.

It is expected that the business improvement and operational improvement initiatives will be progressively implemented, however Ports HoldCo will conduct a general strategic review of PortsCo's business and operations upon the acquisition of PortsCo.

(v) AAT/ACFS transfers

For information in relation to the proposed transfers of Australian Automotive Terminals Pty Ltd, Australian Amalgamated Terminals Pty Ltd and ACFS Port Logistics Pty Ltd, please see Section 5.5(c)(iv).

(vi) Other intentions

Other than as set out in this Section 5.4(c), it is the present intention of Ports HoldCo, on the basis of the facts and information concerning PortsCo that are known to Ports HoldCo and the existing circumstances affecting the assets and operations of PortsCo at the date of this Scheme Booklet, that PortsCo will:

- generally continue the business of PortsCo;
- not make any major changes to the business of PortsCo nor redeploy any of the fixed assets of PortsCo; and
- continue the employment of PortsCo's present employees.

(vii) Limitation on intentions

The intentions and statements of future conduct, and the ability of Ports HoldCo to implement its intentions, set out in this Section 5.4(c) must be read as being subject to:

- the law (including the Corporations Act);
- the legal obligation of the Ports HoldCo directors at the time to act in good faith in the best interests of Ports HoldCo and for proper purposes and to have regard to the interests of all Ports HoldCo shareholders; and
- the outcome of Ports HoldCo's review referred to in this Section 5.4(c), which may alter or prevent the achievement of certain intentions set out above.

5.5 Information regarding BAPS HoldCo and BAPS Consortium

(a) BAPS HoldCo

BAPS HoldCo has been incorporated for the purpose of holding the investment in the BAPS Business, and as such, it currently holds no assets of its own.

(b) BAPS Consortium

BAPS HoldCo is indirectly owned by the BAPS Consortium in the following proportions:

- BIF (67%);
- Buckland (11%);
- bcIMC (11%); and
- Qatar Investco (11%).

The BAPS Consortium Members will enter into a shareholders agreement to govern their relationship and the running of the BAPS Business.

(c) BAPS HoldCo's intentions following completion of the BAPS Sale Transaction

BAPS HoldCo is a special purpose vehicle established for the purpose of holding the investment in the BAPS Business. Accordingly, the intentions of BAPS HoldCo are the same as the intentions of the BAPS Consortium Members.

(i) Introduction

Under the BAPS Sale Agreement, BAPS HoldCo will acquire BAPSCo, and therefore the BAPS Business, from Asciano. This Section 5.5(c) sets out BAPS HoldCo's intentions in relation to:

- the continuation of the BAPS Business;
- any major changes to the BAPS Business, including any redeployment of fixed assets; and
- the future employment of the present employees of the BAPS Business,

assuming successful completion of the BAPS Sale Transaction.

These intentions are based on the information concerning Asciano, its business and the general business environment which is known to BAPS HoldCo at the time of preparation of this Scheme Booklet, which is limited to publicly available information and additional confirmatory due diligence information provided by Asciano.

BAPS HoldCo does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. Final decisions regarding these matters will only be made by BAPS HoldCo in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section 5.5(c) are statements of current intention only, which may change as new information becomes available to BAPS HoldCo or as circumstances change.

(ii) Corporate matters

Boards of directors

It is intended that BAPS HoldCo would seek to reconstitute the boards of BAPSCo and the other entities comprising the BAPS Business with nominees of BAPS HoldCo. BAPS HoldCo has not yet made any decision as to who would be nominated or selected for appointment to each board.

Strategy and operations

BAPS HoldCo intends to leverage on the existing bulk & automotive port services expertise of its shareholders, further developing BAPSCo's capabilities and efficiently delivering services that are recognised as market leading within the Australian market.

Key focus areas include:

- empowerment of management and employees to make decisions (including the streamlining of management and decision making structures);
- strategic investment in equipment and systems to drive operational improvements and efficiencies; and
- consistent delivery of high performance and value-adding services to customers.

BAPS HoldCo intends to conduct a review of the BAPS Business and the markets in which it operates. BAPS HoldCo's strategy will be to continue to grow through a combination of investments in its existing business and acquisitions. In addition, BAPS HoldCo may seek to divest non-core assets, on a selected basis, to the extent that this is a more efficient means of financing higher value initiatives.

(iii) Head office & employees

The PortsCo head office currently manages Asciano's:

- Ports business; and
- BAPS business.

Subject to the BAPS Sale Agreement completing, under BAPS HoldCo ownership, it is intended that separate arrangements would be made for the management of the BAPS Business.

BAPS HoldCo intends to undertake a review of those shared services currently provided to BAPSCo by Asciano and external entities.

BAPS HoldCo intends to integrate the majority of BAPSCo's staff within its platform. Any changes implemented within the BAPS Business will be effected in a manner designed to ensure that disruption to BAPS Business operations is minimal.

(iv) General intentions

AAT Sale

BAPS HoldCo, P&O Wharf Management Pty Ltd and Qube have entered into a side deed dated 15 March 2015 ("**AAT Side Deed**").

Under the AAT Side Deed, the parties agree to enter into (or, in the case of BAPS HoldCo, procure the entry into of) an agreed form share purchase agreement ("**AAT Share Purchase Agreement**") as soon as practicable following completion under the BAPS Sale Agreement.

The AAT Share Purchase Agreement provides for the sale ("**AAT Sale**") to P&O Wharf Management of 50% of the shares in AAT ("**AAT Shares**") and will be made between the person that is the owner of the AAT Shares following completion under the BAPS Sale Agreement as seller, P&O Wharf Management as buyer and Qube as buyer's guarantor. The owner of the AAT Shares following completion under the BAPS Sale Agreement will be an entity associated with BAPS HoldCo (hence the requirement for BAPS HoldCo to procure the entry into of the AAT Share Purchase Agreement).

P&O Wharf Management is already the owner of 50% of the shares in AAT and completion under the AAT Share Purchase Agreement will result in P&O Wharf Management owning all of the shares in AAT. Completion under the AAT Share Purchase Agreement is conditional on ACCC approval of the AAT Sale.

ACFS Purchase

BAPS HoldCo, Ports HoldCo, Qube Logistics (Aust) Pty Ltd and Nitro TC No 1 Pty Ltd as trustee for Nitro Holding Trust No 1 entered into a side deed dated 15 March 2016 in relation to the shares of ACFS Port Logistics Pty Ltd ("**ACFS Port Logistics**") ("**ACFS Side Deed**").

The parties to the ACFS Side Deed have agreed that if on the day of completion under the Ports Sale Agreement the interest in ACFS Port Logistics will not have been transferred, they will consult with each other and with Asciano regarding other approaches to achieve the transfer of the shares in ACFS Port Logistics in compliance with the terms of the shareholders agreement in place in respect of ACFS Ports Logistics, provided that the shares in ACFS Port Logistics will not be held by an entity in the Ports Business from the Implementation Date.

(v) Other intentions

Other than as set out in this Section 5.5(c), on the basis of the facts and information concerning BAPSCo that are known to BAPS HoldCo and the existing circumstances affecting the assets and operations of BAPSCo at the date of this Scheme Booklet, it is the present intention of BAPS HoldCo that BAPSCo will:

- generally continue the business of BAPSCo;
- not make any major changes to the business of BAPSCo nor redeploy any of the fixed assets of BAPSCo; and
- continue the employment of BAPSCo's present employees.

(vi) Limitation on intentions

The intentions and statements of future conduct, and the ability of BAPS HoldCo to implement its intention, set out in this Section 5.5(c) must be read as being subject to:

- the law (including the Corporations Act);
- the legal obligation of the BAPS HoldCo directors at the time to act in good faith in the best interests of BAPS HoldCo and for proper purposes and to have regard to the interests of all BAPS HoldCo Shareholders; and
- the outcome of BAPS HoldCo's review referred to in this Section 5.5(c), which may alter or prevent the achievement of certain intentions set out above.

5.6 Framework Deed

The Consortium Members are parties to a Framework Deed dated 15 March 2016 (as subsequently amended), which sets out the terms and conditions on which the Consortium Members have agreed (as between themselves) to propose and implement (or assist with the implementation of) the Transaction and the Conditional Transfer Agreements.

The Framework Deed dated 15 March 2016 was released to the market on 17 March 2016 as part of various Consortium Members' substantial holding notices in relation to Asciano. The Framework Deed was subsequently amended (with the consent of ASIC) to reflect the position that Ports HoldCo rather than Ports TopCo will now be the lender under the Ports Loan Agreement, and to provide for the loan amount under the Ports Loan Agreement to be increased if the Special Dividend Amount is less than $0.90 (see Section 5.6(e) below).

Below is an overview of key terms in the Framework Deed (as amended).

(a) Key objectives

The key objectives of the Transaction and Conditional Transfer Agreements are that:

- the Rail Consortium collectively owns Pacific National through BidCo acquiring 100% of the Asciano Shares following implementation of the Scheme and completion of the Conditional Transfer Agreements;
- the Ports Consortium collectively own the Ports Business through Ports HoldCo acquiring 100% of PortsCo upon completion of the Ports Sale Agreement; and
- the BAPS Consortium collectively own the BAPS Business through BAPS HoldCo, acquiring 100% of BAPSCo upon completion of the BAPS Sale Agreement.

(b) Restrictions on Asciano Shares

There are restrictions which apply to each party on the acquisition, disposal and voting of Asciano Shares. There are various exceptions, including: transfers to a party's related corporations and acquisitions by BidCo of Asciano Shares under the Scheme and the Conditional Transfer Agreements.

As these acquisitions confer on each party a Relevant Interest in the Asciano Shares that each other party has a Relevant Interest in (other than certain small fiduciary holdings), and the collective Relevant Interests of all parties in Asciano Shares exceeds 20%, ASIC 'joint scheme relief' from section 606 of the Corporations Act was sought and obtained prior to entry into the Framework Deed (see Section 5.9(a)). ASIC joint scheme relief was given subject to various conditions, which are incorporated by reference into the Framework Deed, including restrictions and obligations in relation to Asciano Shares. To the extent of any inconsistency between the ASIC joint scheme relief conditions and the other provisions of the Framework Deed, the former prevails.

(c) Conditional Transfer Agreements

The Framework Deed contemplates the entry into the Conditional Transfer Agreements (see Section 5.7).

(d) Transaction documents and regulatory approvals

The parties have agreed a framework on which Consortium Members' consent is generally required to terminate or amend, or to give notices, consents or waivers under, the Scheme Implementation Deed, Scheme, Deed Poll and Sale Agreements. The parties have also agreed to cooperate in applying for the regulatory approvals that are Conditions Precedent to the Scheme.

(e) Funding and payment arrangements for the Transaction and Conditional Transfer Agreements

The parties have agreed that, if the Scheme becomes Effective, the following steps will occur in the order set out below (note: full details are set out in clause 10 of the Framework Deed).

- (**Asciano Special Dividend**) As contemplated by the Scheme Implementation Deed:
  - the record date for any Special Dividend will be on a date after the Effective Date and before the Scheme Record Date; and
  - any Special Dividend will be paid before the Scheme Record Date.
- (**Funding of BidCo for Scheme Consideration**) By not later than the Business Day prior to the Implementation Date, BidCo will obtain funding to satisfy its obligation to deposit the aggregate Scheme Consideration into the Asciano trust account by:
  - borrowing from Ports HoldCo by drawing down on the loan facility in the Ports Loan Agreement – the loan amount will be equal to the lower of:
    - $905 million plus any 'Asciano Special Dividend Adjustment Amount' (defined as an amount equal to 726,784,041 x ($0.90 – Special Dividend Amount)); and
    - $1.512 billion; and
  - borrowing from Rail HoldCo which in turn will borrow from the Rail Consortium Members (or their respective Related Corporations) through the issue of Rail HoldCo loan notes.
- (**Deposit of Scheme Consideration into Asciano trust account**) As contemplated by the Scheme and Deed Poll, on the Business Day prior to the Implementation Date, BidCo must deposit the aggregate Scheme Consideration into an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders.
- (**Completion of Sale Agreements**) On the Business Day before the Implementation Date, completion of the Sale Agreements will occur, which involves:
  - as contemplated by the Sale Agreements, all of the issued shares in PortsCo being transferred to Ports HoldCo and all of the issued shares in BAPSCo being transferred to BAPS HoldCo;
  - Ports HoldCo paying the purchase price for the PortsCo shares in the following manner:
    - the delivery of a Qube-issued promissory note (the "**Qube Promissory Note**") (endorsed in favour of Asciano) for a face value equal to the consideration payable to Qube for its Asciano Shares under the relevant Conditional Transfer Agreement (see Section 5.7);
    - the delivery of promissory notes issued by Nitro Corporation Pty Ltd and possibly also a Related Corporation of Brookfield (the "**Brookfield (Ports) Promissory Notes**") (which are endorsed in favour of Asciano) for an aggregate face value equal to the consideration payable to Nitro Corporation Pty Ltd for its Asciano Shares under the relevant Conditional Transfer Agreement (see Section 5.7) less the aggregate face value of any promissory notes delivered by BAPS HoldCo to Asciano at completion of its acquisition of BAPSCo (see below);
    - the delivery of a Ports HoldCo-issued promissory note (the "**Ports HoldCo Promissory Note**") in favour of Asciano for a face value equal to the loan amount under the Ports Loan Agreement; and
    - payment of the balance of the purchase price in cash;
  - BAPS HoldCo paying the purchase price for the BAPSCo shares in the following manner:
    - payment of a cash amount of such quantum as BAPS HoldCo determines; and
    - the delivery of promissory notes issued by one or more Related Corporations of Brookfield (the "**Brookfield (BAPS) Promissory Notes**") (which are endorsed in favour of Asciano) for an aggregate face value equal to the purchase price less the cash amount referred to above.

- (**Implementation of Scheme and Conditional Transfer Agreements**) On the Implementation Date the following occurs:
  - implementation of the Scheme, which involves all of the Scheme Shares being transferred to BidCo and Asciano despatching the Scheme Consideration to Scheme Shareholders, in each case in accordance with the Scheme; and
  - at the same time as the Scheme Shares are transferred to BidCo, completion of the Conditional Transfer Agreements occurs, as a result of which BidCo will have debts owing to the Brookfield seller (being Nitro Corporation Pty Ltd) and Qube seller (being Qube) equal to the purchase consideration for the relevant Asciano Shares.
- (**Reconstitution of the Asciano Board**) On the Implementation Date, as soon as provided for under the Scheme Implementation Deed, BidCo's nominees are appointed to the Asciano Board and the incumbent Asciano directors resign.
- (**Equal reduction of capital**) On the Implementation Date immediately after BidCo is registered as the sole shareholder of Asciano (which results in Asciano joining the Rail HoldCo tax consolidated group), BidCo passes Asciano shareholder resolutions to:
  - approve amendments to the Asciano constitution to permit Asciano to return capital through in specie distributions of assets including shares and promissory notes; and
  - approve an equal reduction of capital that is satisfied through the distribution to BidCo of the Qube Promissory Note, the Brookfield (Ports) Promissory Notes, the Ports HoldCo Promissory Note and the Brookfield (BAPS) Promissory Notes that Asciano has received from Ports HoldCo and BAPS HoldCo at completion of the Sale Agreements,

  and Asciano lodges with ASIC the requisite forms and documents relating to the proposed equal reduction of capital.

  On the Implementation Date immediately after the above Asciano shareholder approvals are given and ASIC lodgements are made:
  - the Asciano Board approves the equal reduction of capital;
  - Asciano undertakes the equal reduction of capital and endorses the Qube Promissory Note, the Brookfield (Ports) Promissory Notes, the Ports HoldCo Promissory Note and the Brookfield (BAPS) Promissory Notes in favour of BidCo; and
  - Asciano lodges with ASIC the requisite forms and documents relating to the equal reduction of capital that has occurred.
- (**Repayment of debts**) Immediately after BidCo receives the promissory notes from Asciano:
  - BidCo will repay the debt owing by BidCo to the Brookfield seller (being Nitro Corporation Pty Ltd) which comprises the purchase consideration for the Asciano Shares under the relevant Conditional Transfer Agreement by endorsing the Brookfield (Ports) Promissory Notes and the Brookfield (BAPS) Promissory Notes in favour of the Brookfield seller (being Nitro Corporation Pty Ltd);
  - BidCo will repay the debt owing by BidCo to the Qube seller (being Qube) which comprises the purchase consideration for the Asciano Shares under the relevant Conditional Transfer Agreement by endorsing the Qube Promissory Note in favour of the Qube seller (being Qube); and
  - BidCo repays the loan under the Ports Loan Agreement by endorsing the Ports HoldCo Promissory Note in favour of Ports HoldCo.

(f) Disclosure documents

Each party has agreed to provide, and take responsibility for, information regarding themselves for inclusion in the Scheme Booklet.

(g) Exclusivity

The parties have agreed an exclusivity period expiring on the earliest to occur of implementation of the Scheme, termination of the Framework Deed and 29 October 2016, unless otherwise agreed by the parties. During this period, the parties each agree not to solicit a competing proposal. Each Ports Consortium Member agrees that during the exclusivity period it will not engage in discussions with any third party in relation to any other potential container terminal transaction in Australia, and each Rail Consortium Member agrees that during the exclusivity period it will not engage in any discussions with any third party in relation to any other potential above rail transaction in Australia.

(h) Termination

The Framework Deed will terminate automatically if the Scheme Implementation Deed is terminated or if the Scheme becomes Effective but lapses in accordance with its terms.

5.7 Excluded Shareholders and Conditional Transfer Agreements

As contemplated by the Framework Deed, BidCo has entered into Conditional Transfer Agreements to acquire the Asciano Shares in which GIP, CPPIB Australia, Brookfield and Qube (or any of their respective Related Corporations or, in the case of Brookfield, Affiliates) has a beneficial interest. The Asciano Shares have been identified and are held by the Excluded Shareholders.

There are 5 Conditional Transfer Agreements which have been entered into, as summarised below.

	Buyer	Seller	Number of Asciano Shares	% of total issued Asciano Shares[56]
1	BidCo	GIP (being the sole "GIP Seller" under the Framework Deed)	77,032,604	7.90%
2	BidCo	CPPIB Australia (being a "CPPIB Seller" under the Framework Deed)	51,916,055	5.32%
3	BidCo	CPPIB (being a "CPPIB Seller" under the Framework Deed)	1,547,348	0.16%
4	BidCo	Nitro Corporation Pty Ltd (being the sole "Brookfield Seller" under the Framework Deed), which is a related entity of Brookfield.	188,065,605	19.28%
5	BidCo	Qube (being the sole "Qube Seller" under the Framework Deed).	61,301,584	6.28%
		TOTAL	**379,863,196**	**38.94%**

Below is a summary of the key terms of each Conditional Transfer Agreement.

- (**Conditional on Scheme**) The sale and purchase of the Asciano Shares is conditional on the Scheme becoming Effective and also on the Scheme Record Date having passed.
- (**Completion time**) If those conditions are satisfied, completion of the transfer of Asciano Shares will occur on the Implementation Date at the same time as Scheme Shares are transferred to BidCo under the Scheme.
- (**Purchase consideration**) The amount of the purchase consideration for each Asciano Share is equivalent to the Scheme Consideration for each Scheme Share.
  - In respect of the Asciano Shares to be sold by each GIP Seller and CPPIB Seller, the purchase consideration will be loan notes issued by Rail HoldCo to the seller entity (or its nominated Related Corporation) which have an aggregate face value equal to the Scheme Consideration multiplied by the number of Asciano shares to be sold.
  - In respect of the Asciano Shares to be sold by each Brookfield Seller and Qube Seller, the purchase consideration is taken to be provided on the completion date upon the deemed arising of a debt obligation from BidCo to each seller for an amount equal to the Scheme Consideration multiplied by the number of Asciano shares to be sold. That debt is repaid by BidCo endorsing in favour of the relevant seller (the Qube Promissory Note in the case of Qube, and the Brookfield (Ports) Promissory Notes and the Brookfield (BAPS) Promissory Notes in the case of Brookfield) that BidCo will receive under an equal capital return from Asciano on the Implementation Date, as contemplated by the Framework Deed (see Section 5.6 above).

(Note: As none of the purchase consideration will be paid for in cash, BidCo does not require any funding to acquire Asciano Shares under the Conditional Transfer Agreements. The Brookfield (Ports) Promissory Notes and the Brookfield (BAPS) Promissory Notes must in aggregate equal the Scheme Consideration multiplied by the number of Asciano Shares to be sold by the Brookfield sellers. Similarly, the Qube Promissory Note must equal the Scheme Consideration multiplied by the number of Asciano Shares to be sold by the Qube seller)

- (**No voting rights pre-completion**) Unless and until completion occurs, BidCo will have no rights over the exercise of voting rights attached to the Asciano Shares.
- (**Automatic termination events**) The Conditional Transfer Agreement will terminate automatically:
  - if the Asciano Shares are required to be accepted into a rival takeover bid under the ASIC joint scheme relief (see Section 5.9(a) below); or
  - if the Scheme Implementation Deed is terminated.
- (**Clear title and warranties**) The seller must sell its Asciano shares free and clear of encumbrances and give customary warranties to BidCo.

56 Based on the current 975,385,664 Asciano shares on issue.

5.8 Interests and dealings in Asciano securities

(a) BidCo's Relevant Interests and voting power

As at the date of this Scheme Booklet:

- BidCo's 'voting power' (as defined in the Corporations Act) is 39.57% representing the 385,927,894 Asciano Shares that in aggregate the Consortium Members (who are Associates of BidCo) have a relevant interest in;
- BidCo has a Relevant Interest in 38.94% of the current number of issued Asciano Shares, representing the 379,863,196 Asciano Shares that are the subject of the Conditional Transfer Agreements expressed as a percentage of all issued Asciano Shares (see Section 5.7 above); and
- BidCo does not have a Relevant Interest in any Asciano Performance Rights.

(b) Acquisitions of Asciano Shares in previous 4 months

Except as described in Section 5.7 or below, neither BidCo nor any of its Associates has provided, or agreed to provide, consideration for an Asciano Share under a purchase or agreement to purchase during the 4 months ending on the day immediately before the date of this Scheme Booklet.

Acquirer of Asciano Shares	Number of Asciano Shares	Description of acquisition or agreement
CPPIB Australia	51,916,055	12 February 2016 - Off-market transfer of Asciano Shares from Bar SPV Pty Limited (ACN 608 989 233) (being a Related Corporation of GIP at the time of transfer) to CPPIB Australia. The Asciano Shares were transferred as full and final repayment of Loan Agreement (Facility A) and Loan Agreement (Facility B) in both cases between CPPIB Australia and Bar SPV Pty Limited which are referred to in the Security Trust Deed dated 29 October 2015 between CPPIB Australia, Bar SPV Pty Limited and others. The aggregate of the loan amounts repaid was $456,464,885, which represents $8.79 per Asciano Share.
Nitro Corporation Pty Ltd (ACN 607 605 701)	41,855,294	7 March 2016 – Acquisition for $8.80 per share on physical settlement of two cash settled share swaps with Citigroup Global Market Australia Pty Limited and Macquarie Bank Limited.

Note: The above acquisitions have been previously disclosed to the market in substantial holding notices.

(c) Other benefits

Except as described in this Scheme Booklet, neither BidCo nor any of its Associates has in the four months ending on the day immediately before the date of this Scheme Booklet, given, offered to give or agreed to give a benefit to another person which was likely to induce the other person, or an Associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of Asciano Shares,

and where the benefit was not offered to all Asciano Shareholders.

5.9 ASIC relief

(a) Joint scheme relief

Shortly prior to entry into the Framework Deed, ASIC granted 'joint scheme relief' to the Consortium Members which enabled them to enter into the Framework Deed in relation to the Scheme, even though entering into that agreement would give each Consortium Member a Relevant Interest in approximately 39% of Asciano Shares. That relief was given subject to a number of conditions, including a standard ASIC condition that if, after the announcement of the Scheme and prior to its implementation or termination, a rival takeover bid is announced at a price which is 105% or more than the consideration under the Scheme, then the Consortium Members will have 7 days after that rival takeover bid is free from any defeating conditions (other than a defeating condition that either relates only to the happening of an event or circumstance referred to in subsection 652C(1) or (2) of the Corporations Act or would be automatically satisfied by the Consortium Members and their associates accepting the offers under the rival bid) to either match or accept that higher rival offer for all of the Asciano Shares they hold. If such higher rival bid is structured as a scheme of arrangement rather than a takeover bid, and Asciano changes its recommendation in favour of that higher rival scheme, then the Consortium Members will be precluded from voting the Asciano Shares they hold against that higher rival scheme. That relief is also subject to a standard ASIC condition that the Framework Deed must immediately terminate if the Scheme will not proceed for any reason.

The ASIC joint scheme relief instrument is included as a Schedule to the Framework Deed, and the Framework Deed was released to the market on 17 March 2016 as part of various Consortium Members' substantial holding notices in relation to Asciano.

(b) Relief to BidCo in relation to Conditional Transfer Agreements

Related to the joint scheme relief described in Section 5.9(a), ASIC has also granted relief to BidCo which enabled it to enter into the Conditional Transfer Agreements. That relief was required because entering into those agreements would give BidCo a Relevant Interest in approximately 39% of Asciano Shares. That relief was given subject to a number of conditions, including that the Conditional Transfer Agreements must immediately terminate if the Scheme is terminated for any reason.

(c) Section 631 relief

At the same time as granting the joint scheme relief described in Section 5.9(a), ASIC granted relief to the Qube Consortium from any obligation which they may have under section 631 of the Corporations Act to make a takeover bid for Asciano on the terms described in the previously proposed Qube Consortium Proposal within 2 months of the announcement of that proposal, on the basis that the previously proposed Qube Consortium Proposal is being replaced by the Scheme. Under the terms of the ASIC relief, the Qube Consortium could be required to proceed with previously proposed Qube Consortium Proposal if the Scheme is terminated for any reason, but would not be required to do so unless Asciano had at that time entered into a new bid implementation agreement and share purchase agreements in the same or substantially the same form as those entered into with the Qube Consortium at the time of announcement of the previous proposal.

6. Risk factors

asciano

6 Risk factors

6.1 Introduction

In considering the Scheme you should be aware that there a number of risk factors, both general and specific associated with a shareholding in Asciano and the Scheme.

This Section outlines:

- the specific risk factors relating to the business and operations of Asciano (see Section 6.2). You will only be subject to these risks if the Scheme is not implemented and you retain your shareholding in Asciano; and
- the specific risk factors which may prevent the Scheme from becoming Effective or being implemented (see Section 6.3).

The outline of risks in this Section 6 is a summary only and should not be considered exhaustive. This Section 6 does not purport to list every risk that may be associated with an investment in Asciano now or in the future or which may prevent the Scheme from becoming Effective or being implemented. The occurrence or consequences of some of the risks described in Section 6 may be partially or completely outside the control of Asciano.

You should carefully consider the risk factors discussed in this Section 6, as well as the other information contained in this Scheme Booklet before voting on the Scheme.

6.2 Specific risk factors relating to the business and operations of Asciano

Risks common to all of Asciano's businesses:

(a) Reduced liquidity

As at 15 April 2016, being the last practicable date before the date of this Scheme Booklet, the Consortium Members and their Related Bodies Corporate, in aggregate, hold 39.57% of the Asciano Shares. Accordingly, only 60.43% of the Asciano Shares currently represent tradeable "free-float" in Asciano.

If the Scheme does not become Effective and the Consortium Members and their Related Bodies Corporate elect to retain their holdings in Asciano Shares, the liquidity of Asciano Shares may be below what it was prior to the acquisition of Asciano Shares by the Consortium Members and their Related Bodies Corporate. Reduced liquidity may impact the future trading value of Asciano and reduce the ability of Asciano Shareholders to sell their Asciano Shares.

(b) Fall in Asciano Share price

If the Scheme is not implemented, 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.

Since Asciano confirmed to the ASX that it had received a non-binding indicative proposal from Brookfield in relation to the Brookfield Scheme on 1 July 2015 until 15 April 2016, being the last practicable date before the date of this Scheme Booklet, the S&P/ASX200 index has fallen 6.5%.

As such, if the Scheme is not implemented, the price at which Asciano Shares trade is likely to fall.

(c) People and safety

The Asciano Group is exposed to the following risks in relation to people and safety that may impact on its financial position:

- injury to employees, contractors and other third parties;
- industrial relations activity that impacts the Asciano Group's ability to meet its contractual and customer expectations; and
- attraction and retention of key senior management and operational staff.

(d) Customers

An increase in competition may result in the loss of major customers. The increase may be caused by new or existing entrants or by government legislated changes resulting in increased competition.

Asciano's two current reporting segments are also exposed to counterparty risks. Counterparty risk is the risk that a major customer, or a number of significant customers, will fail to meet its or their contractual obligations. In those circumstances, there would be a risk of financial loss to Asciano.

(e) Global and local market conditions

Asciano's two current reporting segments have significant exposures to volatility in commodity flows and global economic conditions. Accordingly, global and local market conditions may significantly impact Asciano's revenues.

If domestic or global economic conditions deteriorate, the Asciano Group may not be able to access financial markets to seek equity or debt funding on competitive terms. This may impact on the financial performance of Asciano's reporting segments or on the capacity for the Asciano Group to implement its strategy.

(f) Change in credit environment

Asciano's existing debt tranches will need to be refinanced on their respective maturity dates. Asciano may incur increased borrowing costs, or may even be unable to refinance with new debt if its credit profile has deteriorated materially, or if there are reductions in debt market liquidity at or around the time that Asciano needs to refinance its various debt tranches.

(g) Changes in government policy, investment decisions and regulation

Asciano's financial performance in each of the two current reporting segments may be impacted by infrastructure capacity constraints (and disruptions thereto) caused by a failure of infrastructure providers and governments to invest in critical infrastructure to meet market requirements.

Furthermore, any change in the application of relevant competition laws and other changes to regulation or administrative practices that apply to the Asciano Group may impact the efficient operation of the Asciano Group's business and, as a consequence, its financial performance.

Asciano's financial statements are prepared in accordance with Australian Accounting Standards and the Asciano Group is taxed in accordance with the current provisions of the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth). Any changes in the accounting standards or tax regime applying to Asciano could have a material impact on Asciano's financial statements in future periods.

(h) Operational risk

The reporting segments of the Asciano Group are also subject to the following common operational risks:

- infrastructure capacity constraints and disruptions caused by weather events, natural disasters and/or failure of critical IT platforms and support;
- performance, compliance and reputational issues;
- disruption or loss of critical supply inputs, including security breaches of IT platforms;
- integration risks associated with acquisitions and business restructures including the impact on customer service levels; and
- impact of disruptive technologies on traditional supply chains.

(i) Environment

Climate change may have a significant impact on Asciano's two current reporting segments. For example, there may be changes in demand for a number of Asciano's services as a result of environmental regulation to deal with climate change.

Furthermore, Asciano's businesses are subject to stringent environmental regulation under applicable laws. If Asciano's businesses fail to comply with such environmental regulation, they may be subject to significant fines and penalties. Asciano's approach to environmental regulation is set out in its 2015 Sustainability Report which is available on its website (www.asciano.com.au).

Risks specific to Asciano's Pacific National business:

(a) Global demand for coal, other bulk resources and agricultural products

Pacific National's revenues from the bulk rail haulage of coal, other bulk resources and agricultural products are influenced by global demand for these commodities, which is in turn influenced by global economic activity. This is particularly the case in the emerging markets of India and China.

A drop in demand or supply is likely to have a negative impact on Pacific National's financial performance.

In relation to coal specifically, there is a focus globally on renewable and lower emission energy alternatives, which could reduce the demand for thermal coal over time.

(b) Customer demand for above rail haulage services

- Pacific National's revenues from rail haulage services are subject to fluctuations in customer demand. Customer demand may be adversely affected by a number of factors, which may individually or in aggregate adversely affect Pacific National's future financial performance and position. This includes the following: the impact of sustained low thermal and metallurgical coal prices and the impact lower prices may have on the viability of existing mines;
- the impact of a strong Australian dollar on coal mine viability and competitiveness;
- any change in the effectiveness of competing modes of freight transport;
- the impact of seasonal weather patterns on demand - particularly in Northern Australia; and
- the impact of weather on agricultural cycles and, therefore, the volumes of output.

(c) Impact of competition on access to infrastructure resources

Pacific National relies on access to the coal chain infrastructure including rail and coal port infrastructure in order to deliver services for its coal customers. An increase in competition may impact on the productivity and reliability of that access, which may in turn have an impact on the services provided to customers and consequently a negative impact on Pacific National's financial performance.

(d) Impact of competition from other above rail operators and alternative transport modes

Pacific National has major contracts, particularly related to coal haulage, that have expiry dates which are well before the useful life of the assets utilised for those contracts. If such contracts are not renewed, either due to customers contracting with competitor above-rail operators or alternative modes of freight transport, there is a risk that certain Pacific National assets may be underutilised, which may have a material adverse effect on Pacific National's financial position and financial performance.

(e) Australian GDP growth

Australian economic growth is a key variable in demand for consumer goods, and by extension, the movement of consumer goods across Australia.

In addition, the present position of the Australian construction cycle is a key variable in the demand for building materials (including steel products) and, by extension, the movement of such materials around Australia.

More generally, Australia's population growth is a key variable in general demand for goods, and movement of goods, in Australia.

If Australia's economic growth is not maintained, or Australia's population growth slows, or there is a downturn in the construction cycle, demand for the movement of goods may be reduced, which may have a material adverse effect on Pacific National's financial performance.

(f) Insufficient investment in rail infrastructure to support growth in demand

Pacific National's financial performance and anticipated growth may be hindered by an underinvestment in rail infrastructure which may, in turn, reduce future growth in demand.

Risks specific to Asciano's Patrick Bulk & Automotive Port Services business:

(a) Economic activity in certain industries both in Australia and globally

Demand for services provided by the Patrick Bulk & Automotive Port Services business is affected by economic activity in a number of industries, both domestically and globally, including, in particular, the resources, shipping, steel, agriculture, chemical and imported car industries.

Demand in these industries is in turn affected by general economic activity (both domestically and globally).

(b) Competition

The bulk ports and stevedoring sector is a fragmented and highly competitive market with generally low barriers to entry. This creates an environment for potential price discounting and disruption to the market.

Additionally, several of Patrick Bulk & Automotive Port Services' key automotive customers also operate in a highly competitive market. If any of these customers endure losses in market share, the BAPS Business' revenue may be negatively affected due to lower processing and storage volumes.

(c) Rising land and site rental costs

The Patrick Bulk & Automotive Port Services business relies on access to port related land and premises at a competitive cost. This includes access to land for the storage of imported automobiles. A significant increase in land and/or site rental costs may have a material adverse impact on the BAPS Business' financial performance.

(d) Customer service

The Patrick Bulk & Automotive Port Services business's ability to maintain relationships with major customers is integral to its financial performance.

This in turn, depends on its ability to offer competitive service standards and pricing. Poor performance in either area may lead to a loss of major customers which may have a material impact on the BAPS Business' financial performance.

Risks specific to the Asciano's Patrick Terminals & Logistics business:

(a) Australian GDP growth

Australian economic growth and population growth are key variables in demand for consumer goods, many of which are imported through Australia's container terminals.

If Australia's economic growth is not maintained, or Australia's population growth slows, demand for imported goods may be reduced, which may have a material adverse effect on the Patrick Terminals & Logistics business's financial performance.

Similarly, the relative strength of the Australian dollar impacts on the demand by Australian businesses for imported goods. This, in turn, impacts on container demand.

(b) The impact of commodity cycles on the growth in containerised exports

The Patrick Terminals & Logistics business receives revenue from stevedoring export containers, the level of which is lower for empty containers. Consequently, growth in containerised exports has a positive impact on the Patrick Terminals & Logistics business's financial performance.

Conversely, the impact of commodity cycles can reduce the growth in containerised exports, which can have a negative impact on the Patrick Terminals & Logistics business's financial performance.

(c) Increased competition

An increase in competition in the container ports business operated by the Patrick Terminals & Logistics business may result in lower volumes and margins for the business which may, in turn, have a material impact on its financial performance.

(d) Retaining business footprint at sustainable cost structure

The Patrick Terminals & Logistics business requires access, at sustainable costs, to port infrastructure to be able to provide its container stevedoring services to its customers.

The Patrick Terminals & Logistics business is currently in negotiations to extend the lease term at Fremantle Port following the end of the current lease term in 2017. If that lease cannot be negotiated on acceptable terms, this may have a material impact on the Patrick Terminals & Logistics business's financial performance.

The Port of Melbourne has recently attempted to materially increase the rental costs of a competitor to the Patrick Terminals & Logistics business. The competitor successfully negotiated for a smaller increase in rental costs.

The Patrick Terminals & Logistics business's rental for properties leased at Port of Melbourne is reviewed bi-annually. There is a risk that the Port of Melbourne may attempt to pass on a material increase in rental costs via this bi-annual market rent review process. If the Patrick Terminals & Logistics business is unable to negotiate a reasonable outcome to the market review or a third party valuer determines a material increase is appropriate, the Patrick Terminals & Logistics business's financial performance may be materially impacted.

(e) Customer consolidation

The global shipping line market is subject to potential changes through consolidation of participants and changes to shipping consortia. The result of these changes may be an increase or a decrease in the Patrick Terminals & Logistics business's market share and consequently may have a material adverse impact on the Patrick Terminals & Logistics business's financial performance.

(f) Customer service

The Patrick Terminals & Logistics business's ability to maintain relationships with major customers is integral to its financial performance.

This in turn depends on the Patrick Terminals & Logistics business's ability to offer competitive service standards and pricing. Poor performance in either area may lead to a loss of major customers which may have a material impact on the Patrick Terminals & Logistics business's financial performance.

(g) Industrial relations

Australia's industrial relations laws afford various rights to employees to engage in industrial action. Industrial action can cause significant disruption to the Patrick Terminals & Logistics business's customer service performance.

In particular, the activities of the Maritime Union of Australia (including any industrial action taken) in connection with the business operated by the Patrick Terminals & Logistics business impact on its ability to effectively service its customers. This, in turn, could have an impact on customer demand.

6.3 Specific risk factors that may prevent the Scheme from becoming Effective or being implemented

(a) Inter-relationship between the Scheme and the Sale Transactions

Due to the 'inter-related' nature of the Scheme and the Sale Transactions, the Scheme will only be implemented once the Sale Transactions have completed. If the Sale Transactions do not complete and are terminated, then the Scheme will lapse in accordance with its terms.

This inter-relationship presents a risk that the Scheme will remain subject to completion risk even after it has become Effective. While the Sale Transactions will become unconditional upon the Scheme becoming Effective, to the extent that any of the requirements for completion of the Sale Transactions are not met after the Effective Date, the Sale Transactions may not complete and therefore the Scheme may not be implemented. However, Asciano believes those requirements will be able to be satisfied.

One consequence of the Sale Transactions being terminated after the Effective Date is that Asciano may pay the Special Dividend in circumstances where the Scheme is not subsequently implemented. This may contribute to a fall of the price at which Asciano Shares trade if the Scheme does not proceed.

Refer to the information under the heading "Risks common to all of Asciano's businesses" in Section 6.2 for further information about this risk factor.

(b) Regulatory approval delays

As set out in Section 2.2, the Scheme is subject to a number of Conditions Precedent, including foreign and domestic regulatory approvals (including FIRB and ACCC clearance and Court approval).

There is a risk that foreign and domestic regulatory approvals may not be obtained, or may be obtained subject to conditions upon which the Consortium is not prepared to accept, or may be delayed, or that the Court may not approve the Scheme, or may delay the Scheme. In relation to ACCC approval, this risk may arise if the ACCC decides not to provide its approval, delays its decision date or publishes a statement of issues rather than a final decision on 26 May 2016. If the ACCC releases a statement of issues, it may require further consultation before making a final decision about whether to approve the proposal. The release of a statement of issues may therefore result in the ACCC's decision being issued on a later date.

(c) Change of control consent requirements

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 will, or may if certain conditions pertain, be triggered by either the entry into the Scheme Implementation Deed, the Scheme, the Sale Agreements, the Restructure Steps, the completion of the Sale Transactions, the acquisition of Asciano Shares by BidCo on the implementation of the Scheme 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. Such counterparties may also seek damages, injunctive relief or specific performance in respect of breaches of these contracts as a result of or in connection with the Consortium Proposal.

The only consent requirements which are Conditions Precedent to the Scheme are those contained in the container port terminal leases and associated agreements for Port Botany and Port of Brisbane which are fundamental to the Ports Businesses. The Scheme will not proceed unless the Port Botany and Port of Brisbane consents are obtained or the Ports Consortium waives the relevant Condition Precedent. As at the date of this Scheme Booklet, the Directors are not aware of any circumstances which would cause this Condition Precedent not to be satisfied.

However, although no other consent is a Condition Precedent, if a counterparty to another contract were to refuse to provide consent to the proposed change of control, seek to terminate or renegotiate a contract, exercise pre-emptive rights with respect to the joint venture interests of Asciano or seek damages, injunctive relief or specific performance in respect of any breach of such contract, this may, individually or in aggregate, have an adverse effect on the ability to successfully implement the Scheme or a Sale Agreement.

Asciano is aware of a number of consent requirements that will or may be triggered by the Transaction, and is, under the Scheme Implementation Deed, required to use its reasonable endeavors to obtain all such change of control consents to ensure that there is no adverse effect on the ability to successfully implement the Scheme or any Sale Agreement arising from such requirements.

7. Tax implications

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7 Tax implications

7.1 Introduction

This part of the Scheme Booklet provides a general overview of the main Australian taxation implications that should arise for certain Eligible Asciano Shareholders as a result of the implementation of the Scheme and the payment of the Special Dividend. The tax treatment may vary depending on the nature and characteristics of each Eligible Asciano Shareholder and their specific circumstances. Accordingly, Eligible Asciano Shareholders should seek professional tax advice in relation to their particular circumstances.

The information provided below is not applicable to all Eligible Asciano Shareholders. The information does not apply to Eligible Asciano Shareholders who:

- hold their Asciano Shares on revenue account (such as share trading entities or other entities who acquired their Asciano Shares for the purposes of resale at a profit) or as trading stock;
- hold their Asciano Shares under an employee share scheme offered by Asciano;
- are under a legal disability;
- are not Australian tax residents; or
- are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Asciano Shares.[57]

The taxation overview set out below takes into account legislation enacted or proposed as at the date of this Scheme Booklet, the interpretation of such laws by the courts and relevant administrative practices. It does not purport to be a complete analysis or to identify all potential related tax consequences.

The taxation overview does not constitute tax advice and should not be relied upon as such.

All Eligible Asciano Shareholders are advised to obtain independent taxation advice in respect of the Scheme and the payment of the Special Dividend which takes into account their personal circumstances. This taxation advice should specifically consider the tax treatment arising in respect of the Special Dividend derived by the Eligible Asciano Shareholder.

Asciano has applied for the ATO Tax Ruling from the Australian Taxation Office ("**ATO**") in respect of a number of taxation implications for Eligible Asciano Shareholders in respect of the Special Dividend. The information provided below is consistent with that application. Eligible Asciano Shareholders should refer to the ATO Tax Ruling once it is published on www.ato.gov.au.

7.2 Disposal of Asciano Shares

A Capital Gains Tax ("**CGT**") event should happen to Eligible Asciano Shareholders when their Asciano Shares are transferred to BidCo under the Scheme. The time that a CGT event occurs is when the contract is entered into or, if there is no contract, when the change of ownership occurs. Under the Scheme the disposal does not happen under a contract. Therefore, the time of the CGT event for the Eligible Asciano Shareholders will be the date on which the Asciano Shares are disposed of which will be the Implementation Date.

Eligible Asciano Shareholders will be required to determine if a capital gain or loss has been made from that CGT event.

Eligible Asciano Shareholders will not be eligible for any CGT roll-over relief in connection with the Scheme.

Australian resident Eligible Asciano Shareholders should:

- make a capital gain if the capital proceeds from the disposal of their Asciano Shares exceeds the cost base of their Asciano Shares; or
- make a capital loss if the capital proceeds are less than their reduced cost base of the Asciano Shares.

An Eligible Asciano Shareholder's capital proceeds will consist of the amount of cash received. The Special Dividend should not form part of the capital proceeds for Eligible Asciano Shareholders. This issue is being addressed in the ATO Tax Ruling requested by Asciano. Eligible Asciano Shareholders should refer to the ATO Tax Ruling once it is published.

The cost base of the Asciano Shares will generally include the Eligible Asciano Shareholder's original or deemed cost of acquisition, plus certain incidental costs incurred in relation to the acquisition or disposal of the Asciano Shares. Eligible Asciano Shareholders that acquired their Asciano Shares as a result of the demerger from Toll Holdings Limited and/or that received shares in Asciano as a result of the Corporatisation should refer to Class Ruling CR 2008/32 and Class Ruling CR 2010/47 for further information in relation to how to calculate the cost base of their Asciano Shares.

CGT discount

If an Eligible Asciano Shareholder is an individual, a complying superannuation entity, or a trustee and acquired Asciano Shares for CGT purposes at least 12 months prior to the date of the CGT event not including the date of acquisition and disposal of the Asciano Shares, the amount of the capital gain is reduced by the relevant CGT discount. If an Eligible Asciano Shareholder who is an individual or a trustee applies the CGT discount method, the taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous years) will be reduced by 50% (or 33 1/3% if the Eligible Asciano Shareholder is a complying superannuation entity).

Eligible Asciano Shareholders that acquired their Asciano Shares as a result of the demerger from Toll Holdings Limited and/or that received Asciano Shares as a result of the Corporatisation should refer to Class Ruling CR 2008/32 and Class Ruling CR 2010/47 for further information in relation to the acquisition date of their Asciano Shares.

The CGT discount is not available to Eligible Asciano Shareholders that are companies.

57 Division 230 of the Income Tax Assessment Act 1997 (Cth) will generally not apply to individuals, unless they have made an election for it to apply to them.

(a) Stamp duty associated with the disposal of Asciano Shares under the Scheme

Eligible Asciano Shareholders should not incur any stamp duty in relation to the transfer of their Asciano Shares to BidCo pursuant to the Scheme.

(b) Goods and services tax associated with the disposal of Asciano Shares under the Scheme

No goods and services tax ("**GST**") will be payable by Eligible Asciano Shareholders in relation to the disposal of Asciano Shares under the Scheme.

GST may be imposed on taxable supplies (if any) obtained by Eligible Asciano Shareholders from third party suppliers (such as advisor costs) in connection with the Scheme. The entitlement of Eligible Asciano Shareholders to claim input tax credits on these acquisitions (if any) may be restricted. GST registered entities should seek their own professional tax advice in this regard.

7.3 Special Dividend

If the Scheme is approved, Asciano is permitted to pay Asciano Shareholders who are registered in the Register as a holder of Asciano Shares on the Special Dividend Record Date a Special Dividend of up to $0.90 per Asciano Share held by those Asciano Shareholders on the Special Dividend Payment Date. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[58] at the Implementation Date.

The Special Dividend is expected to be fully franked.

Asciano has applied to the ATO for the ATO Tax Ruling. It is expected that the ATO Tax Ruling, once issued, will confirm the tax treatment of the Special Dividend set out below.

The Special Dividend will be assessable to Australian resident Asciano Shareholders.

Generally, the franking credits attached to the Special Dividend received directly by an Australian resident Asciano Shareholder will also be included in the assessable income of that Asciano Shareholder (i.e. the amount of a fully franked dividend is grossed up by the amount of the franking credits attached to the Special Dividend and this grossed up amount is included in the assessable income of the Asciano Shareholder).

A tax offset equal to the franking credits should then be available to offset or reduce the resulting tax liability. Individuals and complying superannuation entities may be entitled to a refund where the tax offset for any franked distribution exceeds their tax liability. Where the Asciano Shareholder is a corporate shareholder, franked dividends will generally give rise to a franking credit in the company's franking account.

To be eligible for the franking credit and tax offset, an Asciano Shareholder must generally satisfy the 'holding period rules'. In this case, this means the Asciano Shares in respect of the Special Dividend must be held 'at risk' for a continuous period of at least 45 days (not including the date of acquisition and the date of disposal of the Asciano Shares) within the relevant 'qualification period'.

An Asciano Shareholder will not be taken to have held the Asciano Shares 'at risk' where the Asciano Shareholder holds 'positions' (such as options or other hedging arrangements) which materially diminish the risks of loss or opportunities for gain in respect of those Asciano Shares by more than 70%. In relation to the Scheme, Eligible Asciano Shareholders will not hold their Asciano Shares 'at risk' from the Scheme Record Date.

As a practical matter and applying the expected timetable, an Asciano Shareholder who holds their Asciano Shares at risk for a continuous period of at least 45 days during the period from 2 May 2016 to 23 June 2016 (inclusive) should satisfy the 'holding period rules' and be eligible for the franking credit and tax offset. This issue is being addressed in the ATO Tax Ruling requested by Asciano. Asciano Shareholders should refer to the ATO Tax Ruling once it is published.

58 The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

8. Additional information concerning the Scheme

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8 Additional information concerning the Scheme

8.1 Directors interests

Except as stated in this Section 8.1:

- there are no marketable securities of Asciano held by or on behalf of Directors as at the date of this Scheme Booklet;
- no Director holds, or has any interest in, marketable securities of BidCo or any Consortium Member; and
- there has been no dealing by any of the Directors in any marketable securities of Asciano, BidCo or a Consortium Member in the four months preceding 15 April 2016, the last practicable trading day before the date of this Scheme Booklet.

(a) Interests of Directors in marketable securities of Asciano

The following table shows the Relevant Interest of each Director in marketable securities as at 15 April 2016, the last practicable day before the date of this Scheme Booklet:

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	1,577,918
Chris Barlow	8,758	0
Robert Edgar	38,296	0
Peter George	46	0
Shirley Int'Veld	0	0
Geoff Kleemann	16,667	0
Ralph Waters	25,000	0

(b) Interests and dealings of Directors in securities of BidCo or any Consortium Member

No Director has a Relevant Interest in any securities in BidCo or any Consortium Member.

(c) Payments or other benefits to Directors, secretaries or executive officers of Asciano

Except as set out below or otherwise disclosed in this Scheme Booklet:

- 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 Scheme 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 Scheme;
- the Directors do not have any other interests in a contract entered into by BidCo or any Consortium Member;
- there are no contracts or arrangements between a Director and any person in connection with or conditional upon the outcome of the Scheme; and
- the Directors do not have a material interest in relation to the Scheme.

8 Additional information concerning the Scheme (cont)

8.2 Agreements in connection with the Scheme

(a) Scheme

The proposed Scheme under Part 5.1 of the Corporations Act between Asciano and Asciano Shareholders (other than Excluded Shareholders), as generally summarised in this Scheme Booklet, is included in Annexure C, subject to any modifications or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Asciano and the Rail Consortium Members.

(b) Scheme Implementation Deed

On 15 March 2016, Asciano and the Consortium Members entered into a Scheme Implementation Deed which sets out the rights and obligations of each of those parties in connection with the Consortium Proposal, including an obligation for Asciano to propose the Scheme. A copy of the Scheme Implementation Deed is included in Annexure B.

A summary of the Scheme Implementation Deed follows:

- **Conditions Precedent**

  Implementation of the Scheme is subject to a number of conditions which must be satisfied or waived (where capable of waiver) before the Scheme can become Effective. Those conditions are set out in clause 3 of the Scheme Implementation Deed and are summarised in Section 2.2. Each party is under an obligation to use reasonable endeavours to ensure that the Conditions Precedent are satisfied prior to the End Date.

  As at the date of this Scheme Booklet, the Directors are not aware of any circumstances which would cause the outstanding Conditions Precedent not to be satisfied or (where applicable) waived.

- **Conduct of business**

  Clause 5.6 of the Scheme Implementation Deed sets out the obligations Asciano must comply with from the date of the Scheme Implementation Deed up to and including the Implementation Date with respect to the conduct of its businesses. Among other things, Asciano is obliged to:

  - conduct its businesses and operations, and cause each other Asciano Group Member to conduct its respective business and operations, in the ordinary and usual course consistent with the manner in which each such business and operation has been conducted in the 12 month period prior to the date of the Scheme Implementation Deed;
  - keep the Rail Consortium, Ports Consortium and BAPS Consortium informed of the conduct of the Asciano Group's business, including in relation to the status and positions of parties in negotiations on key enterprise agreements;
  - provide regular reports on the financial affairs of the Asciano Group in a timely manner to the Rail Consortium, Ports Consortium and BAPS Consortium;
  - use all reasonable endeavours, and procure that each other Asciano Group Member makes all reasonable endeavours, to:
    - preserve and maintain the value of their respective businesses and assets and keep available the services of their directors, officers and employees; and
    - maintain and preserve their relationships with Government Agencies, customers, suppliers and others having business dealings with any Asciano Group Member (including using reasonable endeavours to obtain consents from third parties to any change of control provisions in any contracts or arrangements to which an Asciano Group Member is a party which the Rail Consortium, Ports Consortium and BAPS Consortium reasonably requests); and
  - ensure that no Asciano Prescribed Occurrence or Asciano Regulated Event occurs.

- **Access to information**

  Clause 6 of the Scheme Implementation Deed sets out Asciano's obligations in relation to providing information to each Consortium Member and their respective Related Persons from the date of the Scheme Implementation Deed up to and including the Implementation Date. Among other things, Asciano is obliged to:

  - afford, and cause each other Asciano Group Member to afford, to the Consortium and their respective Related Persons, reasonable access to information, including financial, tax and other information (subject to any existing confidentiality obligations owed to third parties) of any Asciano Group Member, or such senior executives of Asciano as reasonably requested by the Rail Consortium, Ports Consortium or BAPS Consortium at mutually convenient times, and afford the Rail Consortium, Ports Consortium and BAPS Consortium reasonable cooperation for the purpose of:
    - implementing the Transactions;
    - satisfying legally binding reporting and compliance obligations;
    - allowing the Rail Consortium, Ports Consortium or BAPS Consortium to obtain an understanding of the operations of the Asciano Group's business, financial position, prospects and affairs to allow and facilitate the development and implementation of the plans of the Rail Consortium, Ports Consortium or BAPS Consortium for those businesses following implementation of the Transactions;
    - any other purpose agreed between the parties; and
    - provide timely cooperation in connection with the arrangement or syndication of any acquisition, debt or equity financings by any Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member as may be reasonably requested by any of them.

- **Exclusivity**

  Clause 11 of the Scheme Implementation Deed sets out the exclusivity obligations of Asciano in connection with the implementation of the Scheme. A summary of the key exclusivity obligations of Asciano during the Exclusivity Period is set out below:

  - (**no talk and no shop**) Asciano must not, and must ensure that each of its Related Persons does not, directly or indirectly, without the prior written consent of the Rail Consortium, Ports Consortium and BAPS Consortium:
    - (**no shop**): solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any Third Party an intention to do any of the above;
    - (**no talk**): participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any Third Party to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal; or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal; or enter into any agreement, arrangement or understanding in connection with such a Competing Proposal; or provide any non-public information about the business or affairs of the Asciano Group to a Third Party (other than a Government Agency that has a right to obtain that information and has sought it) in connection with a Competing Proposal.

  The no talk obligation is subject to a "fiduciary out" where, in the opinion of the Asciano Board, formed in good faith after receiving written advice from its external legal advisors, complying with that obligation would constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of Asciano, provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of the no shop obligations.

- (**Notification of approaches**) Asciano must, as soon as possible, notify the Rail Consortium, Ports Consortium and BAPS Consortium in writing if it, or any of its Related Persons, becomes aware of any:
  - discussions or attempt to initiate any discussions in relation to an actual or potential Competing Proposal by a Third Party;
  - proposal made to Asciano or any of its Related Persons, in connection with an actual or potential Competing Proposal by a Third Party; or
  - any provision of non-public information concerning an Asciano Group Member to any Third Party in connection with an actual or potential Competing Proposal by a Third Party.

  A notification given must include the identity of the Third Party, including all the material terms relating to the actual or potential Competing Proposal.

- (**Matching right**) Asciano must not enter into any binding legal agreement, arrangement or understanding in respect of a Competing Proposal unless the Asciano Board, acting in good faith and in order to satisfy what the Directors consider to be their statutory or fiduciary duties (having received written advice from its external legal advisors), determines that a Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal, and:
  - Asciano has complied with its obligation to notify the Rail Consortium, Ports Consortium and BAPS Consortium of the approach as summarised above;
  - Asciano has given the Rail Consortium, Ports Consortium and BAPS Consortium at least 5 Business Days after the notification of the approach to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
  - the Rail Consortium, Ports Consortium and BAPS Consortium have not announced a matching or superior counterproposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 5 Business Day period.

  If the Rail Consortium, Ports Consortium and BAPS Consortium announce a counterproposal within those 5 Business Days and the Asciano Board considers, acting reasonably and in good faith, such counterproposal would provide an equivalent or superior outcome for Non Consortium Asciano Shareholders as a whole compared with the Competing Proposal (taking into account the terms and conditions), Asciano and the Rail Consortium, Ports Consortium and BAPS Consortium must use their reasonable endeavours to implement the counterproposal as soon as reasonably practicable, and Asciano must use its reasonable endeavours to procure that the Asciano Board continues to recommend the Scheme (as modified by the counterproposal).

- **Reimbursement fee arrangements**

  Clause 12 of the Scheme Implementation Deed sets out the circumstances with respect to which Asciano has agreed to pay a reimbursement fee of $88m to GIP, CPPIB, Shunrong and Qube which largely replicate Asciano's previous obligations under the Qube Consortium Bid Implementation Deed which has been terminated as discussed at Section 8.2(e) below. The reimbursement fee will be payable if:

  - a Competing Proposal of any kind is announced, either by a Third Party or by Asciano in connection with a Competing Proposal from a Third Party, during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement:
    - the Third Party or any Associate of that Third Party completes a Competing Proposal of a kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal, or a Competing Proposal of that kind involving the Third Party or any Associate of that Third Party becomes unconditional; or
    - the Third Party or any Associate of that Third Party acquires Control of the Target; or
    - the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) terminate the deed for a material breach (excluding a breach of representation or warranty) of the Scheme Implementation Deed by Asciano.

  Asciano's total liability under the Scheme Implementation Deed is capped at the amount of the reimbursement fee and Asciano will not be required to pay (and will be entitled to a refund to the extent that it has already paid) the reimbursement fee if the Scheme becomes Effective, notwithstanding the occurrence of any of the trigger events set out above.

- **Representations and warranties**

  The Rail Consortium, Ports Consortium, BAPS Consortium and Asciano, under clause 7 of the Scheme Implementation Deed, have each given representations and warranties to the other, customary for a transaction of this nature.

- **Termination rights**

  Clause 13 of the Scheme Implementation Deed sets out the termination rights of each party. These are summarised below.

- **Termination by the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) or Asciano**

  The Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) or Asciano may terminate the Scheme Implementation Deed by written notice to each other party if:

  - at any time before 8:00am on the Second Court Date:
    - from the perspective of the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly), Asciano has materially breached the Scheme Implementation Deed; or
    - from the perspective of Asciano, any Consortium Member has materially breached the Scheme Implementation Deed,

  other than in respect of a breach of a representation or warranty, if the party or parties entitled to terminate have provided written notice to the party or parties in breach and such breach is not remedied within 5 Business Days;

  - at any time before 8:00am on the Second Court Date if the Court or another Government Agency (including any other court) has taken any action permanently restraining or otherwise prohibiting or preventing the Transactions, or has refused to do any thing necessary to permit the Transactions, and the action or refusal has become final and cannot be appealed or reviewed;
  - there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied by the time and date specified in the Scheme Implementation Deed for the satisfaction of that Condition Precedent, and the parties are unable to reach agreement to proceed with the Scheme following good faith negotiations;
  - the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date; or
  - at any time before 8:00am on the Secord Court Date:
    - from the perspective of the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly), Asciano is in breach of a representation or warranty; or
    - from the perspective of Asciano, any Consortium Member is in breach of a representation or warranty,

  and the relevant breach is material in the context of the Scheme as a whole and continues to exist 5 Business Days (or any shorter period ending at 5:00pm on the Business Day before the Second Court Date) after the date on which written notice is given of the breach.

- **Termination by the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly)**

  The Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date if:

  - an Asciano Material Adverse Change or an Asciano Prescribed Occurrence occurs; or
  - any Director fails to recommend the Scheme or any Director withdraws, adversely revises or adversely modifies his or her recommendation that Non Consortium Asciano Shareholders vote in favour of the Scheme or any Director makes a public statement indicating that he or she no longer recommends the Scheme or recommending, supporting or endorsing another transaction (including any Competing Proposal).

  Additionally, if after the Scheme has become Effective, one or more of the Sale Agreements is terminated due to default by Asciano, then the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may terminate the Scheme Implementation Deed.

- **Termination by Asciano**

  Asciano may terminate the Scheme Implementation Deed at any time before 8:00am on the Second Court Date if the Asciano Board or a majority of the Asciano Board has changed, withdrawn or modified its recommendation in accordance with clause 5.9 of the Scheme Implementation Deed and Asciano has complied with any obligations to pay the reimbursement fee.

  Additionally, if after the Scheme has become Effective, one or more of the Sale Agreements is terminated due to default by a party to the Sale Agreement other than Asciano, then Asciano may terminate the Scheme Implementation Deed.

(c) Deed Poll

BidCo and the Rail Consortium Members have validly executed the Deed Poll in accordance with the laws of their place of incorporation. The Deed Poll requires them to perform their obligations under the Scheme, including the obligation to provide the Scheme Consideration to each Scheme Shareholder, subject to the Scheme becoming Effective. A copy of the Deed Poll is included in Annexure D.

(d) Sale Agreements

Summaries of the Sale Agreements are set out in Section 4.

(e) Termination of Qube Consortium Proposal

Asciano and each Qube Consortium Member has executed a termination deed with respect to the Qube Consortium Proposal, including, without limitation, the release of all rights and obligations under or in connection with the reimbursement fee under the Qube Consortium Bid Implementation Deed.

(f) Consortium agreements

Summaries of the material agreements between the Consortium Members in connection with the Consortium Proposal are set out in Section 5.

8.3 Implications for creditors of Asciano Group

The Scheme, if implemented, and the Special Dividend, if paid, are not expected to materially prejudice Asciano's ability to pay its creditors. No material new liability will be incurred by the Asciano Group as a consequence of implementation of the Scheme other than the transaction costs described in Section 8.6 and the liabilities and costs incurred in payment of any Special Dividend (see Section 2.4).

The Asciano Group has paid and is paying all its creditors within Asciano's normal terms of trade. Each Asciano Group company is solvent and is trading in an ordinary commercial manner.

8.4 Consents

The following parties have given and have not, before the time of registration of this Scheme Booklet by ASIC, withdrawn their written consent to be named in this Scheme Booklet 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, as Financial Advisors to Asciano;
- PwC as tax advisor to Asciano;
- Grant Samuel as Independent Expert; and
- Computershare Investor Services Pty Limited as the Asciano Registry.

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

Each Consortium Member has given, and has not withdrawn before the time of registration of this Scheme Booklet by ASIC, its consent to be named in this Scheme Booklet in the form and context in which it is named and its consent to the inclusion of:

- if the Consortium Member is a Rail Consortium Member, the Rail Consortium Information;
- if the Consortium Member is BAPS Consortium Member, the BAPS Consortium Information; and
- if the Consortium Member is a Ports Consortium Member, the Ports Consortium Information,

on the basis set out in the Section entitled "Important Notices" and as set out in the Scheme Implementation Deed.

8.5 Disclaimers

Each person referred to in Section 8.4:

- does not make, or purport to make, any statement in this Scheme Booklet other than those statements made in the capacity and to the extent the person has provided its consent, as referred to in Section 8.4; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than as described in Section 8.4.

8.6 Transaction costs

The persons named in this Scheme Booklet as performing a function in a professional or advisory capacity in connection with the Transaction and with the preparation of this Scheme Booklet on behalf of Asciano are King & Wood Mallesons as legal advisor, Goldman Sachs and Gresham as Financial Advisors, Grant Samuel as Independent Expert, PwC as tax advisor and Computershare Investor Services Pty Limited as the Asciano Registry.

Each of these persons will be entitled to receive professional fees charged in accordance with their normal basis for charging.

The total costs associated with the Transaction and the preparation of this Scheme Booklet incurred (or to be incurred) by Asciano are expected to be approximately $44 million (plus GST). The fee paid to Grant Samuel which has provided the Independent Expert's Report is $350,000 (plus GST).

8.7 Status of regulatory conditions

The implementation of the Scheme is subject to various approvals, consents or relief being obtained from various regulatory authorities and on the Sale Transactions having completed. As at the date of lodgement of this Scheme Booklet with ASIC for registration, Asciano, BidCo and each Consortium Member (or as appropriate, their Affiliates) have applied for all of the regulatory approvals, consents or relief which they consider are necessary or desirable for the purposes of implementing the Scheme.

8 Additional information concerning the Scheme (cont)

8.8 Regulatory relief

(a) ASIC relief granted to Asciano

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit made or given to any Director, secretary or executive officer of Asciano or a Related Body Corporate as compensation for loss of office in Asciano or a Related Body Corporate, or as consideration for or in connection with his or her retirement from office in Asciano or a Related Body Corporate.

ASIC has granted Asciano relief from this requirement so that this Scheme Booklet is only required to disclose particulars of payments made or benefits given to a Director, secretary or executive officer in relation to their resignation or retirement from office where those payments or benefits are made in connection with or are materially affected by the implementation of the Scheme. In respect of any such payments or benefits, Asciano is able to:

- describe any such payments or benefits on an aggregate rather than an individual basis; and
- refrain from disclosing the name of any director, executive officer or secretary who will lose office or retire from office in connection with the Scheme, unless that person is a director of Asciano.

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Directors, the financial position of Asciano has changed since the date of the last balance sheet laid before the company's annual general meeting or sent to Asciano Shareholders in accordance with section 314 or 317 of the Corporations Act being 30 June 2015.

ASIC has granted Asciano relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Directors, the financial position of Asciano has materially changed since 31 December 2015 (being the last date of the period to which the financial statements for the half year ended 31 December 2015 relate). Asciano will provide a copy of the financial statements for the half year ended 31 December 2015 free of charge to any Asciano Shareholder who requests a copy, prior to the Scheme being approved by the Court.

(b) ASIC relief granted to Consortium Members

Information on the ASIC relief granted to BidCo and the Consortium Members is set out in Section 5.9.

(c) ASX relief granted to Asciano

ASX has granted Asciano a waiver of ASX Listing Rule 10.1 such that Asciano is not required to seek Eligible Asciano Shareholder approval of each Sale Transaction at a general meeting.

ASX has also confirmed that Asciano is not required to seek Eligible Asciano Shareholder approval of each Sale Transaction at a general meeting under ASX Listing Rule 11.1 or 11.2.

8.9 No unacceptable circumstances

The Directors believe that the Scheme does not involve any circumstances in relation to the affairs of any member of Asciano that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

8.10 Lodgement of Scheme Booklet

The Scheme Booklet was given to ASIC on 4 April 2016 in accordance with section 411(2)(b) of the Corporations Act. ASIC takes no responsibility for the content of this Scheme Booklet.

8.11 Supplementary information

Asciano will issue a supplementary document to this Scheme Booklet upon becoming aware of any of the following between the date of lodgement of this Scheme Booklet with ASIC for registration and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had been known at the date of lodgement of this Scheme Booklet with ASIC for registration.

Depending on the nature and the timing of the changed circumstances and subject to obtaining any relevant approvals, Asciano may, in addition to releasing the supplementary information on the ASX, circulate and publish any supplementary document by any one or more of the following methods:

- placing an advertisement in a newspaper which is circulated generally throughout Australia;
- posting the supplementary document on Asciano's website at www.asciano.com.au; or
- posting the supplementary document to all Asciano Shareholders.

8.12 Other information material to the making of a decision in relation to the Scheme

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme being information that is within the knowledge of a Director or any director of a Related Body Corporate of Asciano that has not previously been disclosed to Asciano Shareholders.

9. Glossary

asciano

9 Glossary

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

Defined term	Meaning
AAT or **Australian Amalgamated Terminals**	means: • Australian Amalgamated Terminals Pty Ltd (ACN 098 458 229) including, for the avoidance of doubt, any related shareholder loan owned by that entity to the Asciano Group; and • Australian Automotive Terminals Pty Ltd (ACN 106 932 601).
ACCC	means the Australian Competition and Consumer Commission.
ACFS Port Logistics	means ACFS Port Logistics Pty Limited (ACN 603 120 047).
Affiliate	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Asciano	means Asciano Limited (ABN 26 123 652 862).
Asciano Board	means the board of directors of Asciano and an '**Asciano Board Member**' or '**Director**' means any director of Asciano comprising part of the Asciano Board.
Asciano Group	means Asciano and each of its Subsidiaries, and a reference to an '**Asciano Group Member**' or a '**member of the Asciano Group**' is to Asciano or any of its Subsidiaries.
Asciano Information	means the information contained in this Scheme Booklet other than the Rail Consortium Information, the Ports Consortium Information, the BAPS Consortium Information and the Independent Expert's Report.
Asciano Material Adverse Change	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Asciano Performance Right	means a performance right or a deferred right granted pursuant to the Asciano Executive Incentive Plan Rules.
Asciano Prescribed Occurrence	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Asciano Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Asciano Regulated Event	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Asciano Retained Group	means Asciano and each of its Related Bodies Corporate, excluding the BAPSCo Group and the PortsCo Group.
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.
ASIC	means the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if section 12(1) of the Corporations Act included a reference to the Scheme Implementation Deed and Asciano was the designated body.
Associated Shareholder	means any Consortium Member or any Related Body Corporate of a Consortium Member who is: • registered in the Register from time to time as the holder of an Asciano Share; or • known to Asciano as the beneficial 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.
ASX Listing Rules	means the listing rules of ASX as amended, varied or waived from time to time.
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.
BAM or **Brookfield Asset Management**	means Brookfield Asset Management Inc., and where appropriate includes its Affiliates other than the BIP Group and BIF.
BAPS Business	means the business described in Section 4.4.
BAPSCo	means Asciano Holdings (General & Bulk) Pty Ltd (ACN 123 683 885).
BAPSCo Group	means BAPSCo and its Subsidiaries, including any companies that become Subsidiaries of BAPSCo as a result of the Restructure Steps.
BAPS Consortium	means collectively Brookfield, Buckland, Qatar Investco and bcIMC.

Defined term	Meaning
BAPS Consortium Information	means: • the BAPS Business ownership structure diagram in the Section titled "What is the Consortium Proposal?"; • the information relating to BAPS HoldCo in the response to FAQ 3.4 in Section 1; • the information in the responses to FAQs 1.8, 2.9, 3.5 and 4.2 in Section 1; and • the information in Sections 3.6(c), 4.7(b), 5.1, 5.2 (other than 5.2(a), (b), (c) and (d)), 5.5, 5.6, 5.8(b) (to the extent it relates to BAPS Consortium Members), 5.8(c) (to the extent it relates to BAPS Consortium Members) and 5.9(a), other than any information that is provided by Asciano to the BAPS Consortium or obtained from Asciano's public filings on the ASX, and used by the BAPS Consortium for the purposes of preparation of the BAPS Consortium Information. For the avoidance of doubt, the BAPS Consortium Information excludes the Asciano Information, the Ports Consortium Information (except to the extent any Ports Consortium Information is information that is also BAPS Consortium Information), the Rail Consortium Information (except to the extent that any Rail Consortium Information is information that is also BAPS Consortium Information) and the Independent Expert's Report.
BAPS Consortium Member	means an entity that forms part of the BAPS Consortium.
BAPS HoldCo	means BAPS BidCo Pty Ltd (ACN 611 189 381).
BAPS Sale Agreement	means the share purchase agreement dated 15 March 2016 between BAPS HoldCo, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano pursuant to which Asciano agrees to sell, and BAPS HoldCo agrees to purchase, all of the issued shares in BAPSCo, on and subject to the terms and conditions of that agreement.
BAPS Sale Transaction	means the sale of all the shares in BAPSCo, the head entity of the group operating the BAPS Business, by Asciano to BAPS HoldCo pursuant to the BAPS Sale Agreement.
bcIMC	means bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust.
BidCo	means Australian Logistics Acquisition Investments Pty Limited (ACN 611 628 712).
BIF	means Brookfield Infrastructure Fund II and any entity incorporated to hold its investment in the Transaction, including BIF II GP Bermuda Limited as general partner of BIF Nitro AIV (Bermuda) LP and subsidiary entities thereof.
BIP	means BIPL in its capacity as general partner of Brookfield Infrastructure Partners L.P. or, where appropriate, Brookfield Infrastructure Partners L.P.
BIP Group	means Brookfield, BIP and each person that BIP directly or indirectly controls (where "control" has the meaning given to it in the definition of "Affiliate"), and a reference to a '**BIP Group Member**' or a '**member of the BIP Group**' is to BIP and any such controlled person.
BIPL	means Brookfield Infrastructure Partners Limited., a Bermuda exempted limited partnership.
Brookfield	means: • collectively BIPL as general partner of BIP and BIF II GP Bermuda Limited as general partner of BIF Nitro AIV (Bermuda) LP; or • when used in relation to a Brookfield Proposal, Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P.
Brookfield (BAPS) Promissory Notes	has the meaning given to it in Section 5.6(e).
Brookfield Consortium	means collectively Brookfield, Buckland and bcIMC.
Brookfield Group	means collectively BIP, BAM, 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 Implementation Deed	means the implementation deed dated 17 August 2015 between Asciano and Brookfield as amended and restated on 9 November 2015, which has now been terminated.
Brookfield Offer	means the takeover offer described in the Brookfield Implementation Deed.
Brookfield (Ports) Promissory Notes	has the meaning given to it in Section 5.6(e).
Brookfield Proposals	means the Brookfield Offer and the Brookfield Scheme.
Brookfield Scheme	means the proposed scheme of arrangement described in the Brookfield Implementation Deed.
Buckland	means Buckland Investment Pte Ltd.

9 Glossary (cont)

Defined term	Meaning
Business Day	means any day that is each of the following: • a Business Day within the meaning of the ASX Listing Rules; and • a day that banks are open for business in Sydney, Australia, Toronto, Canada, New York, the United States of America and Beijing, People's Republic of China (except for a Saturday or Sunday, or a day which is a public holiday in the People's Republic of China).
CIC Capital	means CIC Capital Corporation.
Competing Proposal	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Conditional Transfer Agreement	means an agreement entered into between BidCo and an Excluded Shareholder governing BidCo's acquisition of the Asciano Shares held by the Excluded Shareholder, and '**Conditional Transfer Agreements**' means all of the Conditional Transfer Agreements.
Conditional Transfers	means the transfer of the Asciano Shares held by Excluded Shareholders to BidCo under the Conditional Transfer Agreements.
Conditions Precedent	means the Conditions Precedent set out in clause 3.1 of the Scheme Implementation Deed.
Consortium	means collectively GIP, Qatar Investco, CPPIB, Shunrong, Buckland, bcIMC, Brookfield and Qube, and when referred to in the context of the Framework Deed and Section 5.9(a), means collectively GIP, Qatar Investco, CPPIB Australia, Shunrong, Buckland, bcIMC, Brookfield and Qube.
Consortium Member	means an entity that is part of the Consortium.
Consortium Proposal	means the Scheme and the Sale Transactions.
Control	has the meaning given to it in section 50AA of the Corporations Act.
Corporations Act	means the Corporations Act 2001 (Cth).
Corporations Regulations	means the Corporations Regulations 2001 (Cth).
Corporatisation	means the simplification of the corporate structure of Asciano on or around 2010 by converting Asciano from a stapled security structure into a single holding company.
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 the Rail Consortium and Asciano.
CPPIB	means Canada Pension Plan Investment Board.
CPPIB Australia	means Perpetual Corporate Trustee Limited in in its capacity as trustee of the CPPIB Australia Trust.
Deed Poll	means the deed poll executed by BidCo and each Rail Consortium Member as set out in Annexure D.
Director or **Asciano Board Member**	means any current director of Asciano comprising part of the Asciano Board.
EBIT	means earnings before interest and tax.
EBITDA	means earnings before interest, tax, depreciation and amortisation.
Effective	when used in relation to the Scheme, means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) in relation to the Scheme.
Effective Date	means the date on which the Scheme becomes Effective (expected to be 10 June 2016).
Eligible Asciano Shareholder	means an Asciano Shareholder other than an Excluded Shareholder.
End Date	means 15 August 2016, or such other later date as agreed in writing between Asciano and each Consortium Member.
EV	means enterprise value.
Excluded Shareholder	means: • GIP in respect of 77,032,604 Asciano Shares held by it; • CPPIB Australia in respect of the 51,916,055 Asciano Shares held by it; • CPPIB in respect of the 1,547,348 Asciano Shares held on its behalf by HSBC Custody Nominees (Australia) Limited; • Qube in respect of the 61,301,584 Asciano Shares held by it; and • Nitro Corporation Pty Ltd in respect of the 188,065,605 Asciano Shares held by it.
Exclusivity Period	means the period from and including the date of the Scheme Implementation Deed to the earlier of: • the date of termination of the Scheme Implementation Deed (if terminated); • the End Date; and • the Effective Date.

Defined term	Meaning
Financial Advisor	means any financial advisor retained by a party in relation to the Scheme or a Competing Proposal from time to time.
FIRB	means the Foreign Investment Review Board.
First Court Date	means 20 April 2016, being the day on which an application was made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting.
Framework Deed	means the deed of that name described in Section 5.6.
FY	means financial year.
GIC	means GIC Private Limited.
GIP	means Global Infrastructure Management Australia Pty Limited (ACN 132 664 745) in its capacity as trustee of the GIP Bell Australia Unit Trust.
Government Agency	means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including a stock or other securities exchange, or any minister of the Crown in right of the Commonwealth of Australia or any State or Territory, and any other federal, state, territorial, provincial or local government, whether foreign or Australian.
Grant Samuel or **Independent Expert**	means Grant Samuel & Associates Pty Limited.
Gresham Advisory	means Gresham Advisory Partners Limited.
IFRS	means International Financial Reporting Standards.
Implementation Date	means the later of the fifth Business Day after the Scheme Record Date and the first Business Day after completion of the Sale Transactions (anticipated to be 30 June 2016), or such other date Asciano and the Consortium Members agree in writing.
Independent Expert or **Grant Samuel**	means Grant Samuel & Associates Pty Limited.
Independent Expert's Report	means the report of the Independent Expert in connection with the Scheme as set out in Annexure A.
Interim Dividend	means the fully franked cash dividend of $0.13 per Asciano Share that was paid on 24 March 2016.
Non Consortium Asciano Shareholder	means an Asciano Shareholder other than an Associated Shareholder
Notice of Meeting	means the notice of the Scheme Meeting set out in Annexure E.
NPAT	means net profit after tax.
OIO	means the Overseas Investment Office administering the *Overseas Investment Act 2005* (NZ) and *Overseas Investment Regulations 2005* (NZ).
Ports Business	means the business described in Section 4.3.
PortsCo	means Asciano Holdings (Containers) Pty Ltd (ACN 123 684 060).
PortsCo Group	means PortsCo and its Subsidiaries, including any companies that become Subsidiaries of PortsCo as a result of the Restructure Steps.
Ports Consortium	means collectively Brookfield, Qube, Buckland, Qatar Investco and bcIMC.
Ports Consortium Information	means: • the Ports Business ownership structure diagram in the Section titled "What is the Consortium Proposal?"; • the information relating to Ports HoldCo in the response to FAQ 3.1 in Section 1; • the information in the responses to FAQs 1.8, 2.9, 3.2 and 4.2 in Section 1; and • the information in Sections 3.6(c), 4.7(a), 5.1, 5.2 (other than 5.2(a), (b) and (c)), 5.3(c)(iv), 5.4, 5.6, 5.8(b) (to the extent it relates to Ports Consortium Members), 5.8(c) (to the extent it relates to Ports Consortium Members) and 5.9(a) and (c), other than any information that is provided by Asciano to the Ports Consortium or obtained from Asciano's public filings on the ASX, and used by the Ports Consortium for the purposes of preparation of the Ports Consortium Information. For the avoidance of doubt, the Ports Consortium Information excludes the Asciano Information, the BAPS Consortium Information (except to the extent any BAPS Consortium Information is information that is also Ports Consortium Information), the Rail Consortium Information (except to the extent that any Rail Consortium Information is information that is also Ports Consortium Information) and the Independent Expert's Report.

Defined term	Meaning
Ports Consortium Member	means each entity that is part of the Ports Consortium.
Ports HoldCo	means Patrick Terminals BidCo Pty Ltd (ACN 611 133 861).
Ports HoldCo Promissory Note	has the meaning given to it in Section 5.6(e).
Ports Loan Agreement	means the Ports Loan Agreement described in Section 5.3(c)(ii).
Ports Sale Agreement	means the share purchase agreement dated 15 March 2016 between Ports HoldCo, Qube, BIPL (in its capacity as general partner of Brookfield Infrastructure Partners L.P.) and Asciano pursuant to which Asciano agrees to sell, and Ports HoldCo agrees to purchase, all of the issued shares in PortsCo, on and subject to the terms and conditions of that agreement.
Ports Sale Transaction	means the sale of all the shares in PortsCo, the head entity of the group operating the Ports Business, by Asciano to Ports HoldCo pursuant to the Ports Sale Agreement.
Ports TopCo	means PTH No 1 Pty Ltd (ACN 611 116 155).
Primary Restructure Steps	means the primary restructure steps to be undertaken under the Sale Agreements as discussed in Section 4.5.
PwC	means PricewaterhouseCoopers Securities Ltd.
Qatar Investco	means Asciano Investment Company.
Qube	means Qube Holdings Limited (ACN 149 723 053).
Qube Consortium	means Qube, CPPIB, GIP and Shunrong.
Qube Consortium Bid Implementation Deed	means the bid implementation deed dated 16 February 2016 between Asciano and the Qube Consortium which has now been terminated.
Qube Consortium Member	means each entity that is part of the Qube Consortium.
Qube Consortium Proposal	means the proposal described in the Qube Consortium Bid Implementation Deed.
Qube Promissory Note	has the meaning given to it in Section 5.6(e).
Rail Consortium	means collectively GIP, CPPIB, Shunrong, Buckland and bcIMC, and when referred to in the context of the Framework Deed, means collectively GIP, CPPIB Australia, Shunrong, Buckland and bcIMC.
Rail Consortium Information	means: • the Asciano ownership structure diagram in the Section titled "What is the Consortium Proposal?"; • the information in the responses to FAQs 1.8, 1.9, 1.10, 2.9 and 4.2 in Section 1; and • the information in Sections 3.6(c), 3.6(d), 5.1, 5.2 (other than 5.2(d), (e) and (h)), 5.3 (other than 5.3(c)(iv)), 5.6, 5.7, 5.8(a), 5.8(b) (to the extent it relates to Rail Consortium Members), 5.8(c) (to the extent it relates to Rail Consortium Members), 5.9 and 8.2(c), other than any information that is provided by Asciano to the Rail Consortium or obtained from Asciano's public filings on the ASX, and used by the Rail Consortium for the purposes of preparation of the Rail Consortium Information. For the avoidance of doubt, the Rail Consortium Information excludes the Asciano Information, the BAPS Consortium Information (except to the extent any BAPS Consortium Information is information that is also Rail Consortium Information), the Ports Consortium Information (except to the extent that any Ports Consortium Information is information that is also Rail Consortium Information) and the Independent Expert's Report.
Rail Consortium Member	means an entity that is part of the Rail Consortium.
Rail HoldCo	means Australian Logistics Acquisition Holdings Pty Limited (ACN 611 628 909).
Register	means the register of Asciano Shareholders maintained by the Asciano Registry in accordance with the Corporations Act.
Related Body Corporate	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Related Corporation	has the meaning given to it in the Framework Deed.
Related Person	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Relevant Interest	has the meaning given to it in sections 608 and 609 of the Corporations Act.

Defined term	Meaning
Representative	means any person acting for or on behalf of a party including any director, officer, employee, agent, contractor or professional adviser of a party.
Requisite Majority	means in relation to the resolution to be put to the Scheme Meeting, the resolution being passed by a majority in number (more than 50%) of Eligible Asciano Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative and passed by at least 75 per cent of the votes cast on the resolution. The Court has the discretion to waive the first requirement.
Restructure Steps	means the Primary Restructure Steps and the Secondary Restructure Steps.
Sale Agreements	means the BAPS Sale Agreement and the Ports Sale Agreement.
Sale Transactions	means the BAPS Sale Transaction and the Ports Sale Transaction.
Scheme	means the scheme of arrangement under Part 5.1 of the Corporations Act between Asciano and the Scheme Shareholders, attached as Annexure B, subject to any alterations or conditions as agreed between Asciano and each Rail Consortium Member in writing or made or required by the Court under section 411(6) of the Corporations Act and agreed to by Asciano and each Rail Consortium Member.
Scheme Booklet	means this booklet.
Scheme Consideration	means for each Asciano Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of $9.15 (reduced by the Special Dividend Amount), subject to the terms of the Scheme.
Scheme Implementation Deed	means the Scheme Implementation Deed dated 15 March 2016 between Asciano and each Consortium Member relating to the implementation of the Scheme (as amended), as set out in Annexure B.
Scheme Meeting	means the meeting of Asciano Shareholders (other than Excluded Shareholders) convened pursuant to an order of the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act currently scheduled to occur at 10:00am on 3 June 2016 or any adjournment of such meeting.
Scheme Meeting Record Date	means 7:00pm on 1 June 2016, or such other date as notified by Asciano to ASX.
Scheme Record Date	means the tenth Business Day after the Effective Date (anticipated to be 7:00pm on 24 June 2016) or such other time and date as Asciano and the Consortium Members agree in writing.
Scheme Share	means an Asciano Share held by a Scheme Shareholder as at the Scheme Record Date.
Scheme Shareholder	means each person who is registered in the Register as the holder of an Asciano Share as at the Scheme Record Date (other than the Excluded Shareholders).
SEC	means the U.S. Securities and Exchange Commission.
Second Court Date	means the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard (expected to be 9 June 2016) or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	means the hearing at which the application to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard.
Secondary Restructure Steps	means the secondary restructure steps to be undertaken under the Sale Agreements, as discussed in Section 4.5.
Shunrong	means Beijing Shunrong Investment Corporation.
Special Dividend	means a fully franked cash dividend of up to $0.90 for each Asciano Share held by an Asciano Shareholder as at the Special Dividend Record Date. The actual amount of the Special Dividend will be determined by the Directors, but must not exceed a level which can be fully franked based on Asciano's franking account balance[59] at the Implementation Date.
Special Dividend Amount	means the per Asciano Share cash amount of any Special Dividend paid to Asciano Shareholders.
Special Dividend Payment Date	means 23 June 2016 or such other date as notified by Asciano to the ASX.
Special Dividend Record Date	means 7:00pm on 15 June 2016, or such other date as notified by Asciano to the ASX.

59. The expected franking account balance is subject to a number of variables, including tax instalment payments, tax refunds and scheme implementation timing.

9 Glossary (cont)

Defined term	Meaning
Subsidiaries	has, in relation to an entity, the meaning given in Division 6 of Part 1.2 of the Corporations Act but so that: • 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	has the meaning given to it in Schedule 1 of the Scheme Implementation Deed.
Third Party	means a person other than a Consortium Member or any of their respective Associates.
Transaction	means the Scheme and the Sale Transactions.
U.S. Securities Act	means the U.S. Securities Act of 1933, as amended.
VWAP	means volume weighted average price.
WA	means Western Australia.

A. Independent Expert's Report

asciano

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20 April 2016

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

Dear Directors

Joint Consortium Proposal

1 Introduction

On 15 March 2016, Asciano Limited ("Asciano") announced that it had entered into binding documentation with the Brookfield Consortium[1] and the Qube Consortium[2] (together, the "Joint Consortium"), in relation to a proposal for the acquisition of 100% of the issued capital of Asciano for a cash consideration of $9.15 for each Asciano share with Asciano's business divisions to be divided among the Joint Consortium members (the "Joint Consortium Proposal"). The binding documentation includes a scheme implementation deed and sale agreements in relation to the Patrick container terminals business ("Patrick T&L") and the Bulk & Automotive Port Services business ("BAPS").

If the Joint Consortium Proposal proceeds, Asciano intends to pay a special dividend[3] of up to $0.90 per share before the scheme implementation date. The cash consideration of $9.15 for each Asciano share will be reduced by the amount of any special dividend that is paid.

Announcement of the Joint Consortium Proposal followed the announcement by Asciano on 23 February 2016 that preliminary discussions had taken place between Asciano, the Brookfield Consortium and the Qube Consortium to facilitate the acquisition of 100% of the issued capital of Asciano for a cash consideration of $9.28 per share (reduced by the amount of any interim and special dividends paid by Asciano). On 24 February 2016, Asciano declared an interim dividend of $0.13 per share, which was paid on 24 March 2016. The $9.15 consideration under the Joint Consortium Proposal represents the $9.28 per share announced on 23 February 2016 less the amount of the interim dividend of $0.13 per share.

Under the Joint Consortium Proposal:

- a vehicle ("BidCo") owned directly or indirectly by CPPIB, GIP, Beijing Shunrong Investment Corporation ("Shunrong") (an affiliate of CIC Capital), GIC and bcIMC (together, the "BidCo

[1] The Brookfield Consortium comprises Brookfield Infrastructure Partners L.P. (and certain of its affiliates) ("Brookfield Infrastructure"), GIC Private Limited (and certain of its affiliates) ("GIC"), British Columbia Investment Management Corporation ("bcIMC") and Qatar Investment Authority ("QIA"). QIA joined the Brookfield Consortium after 23 February 2016.

[2] The Qube Consortium comprises Qube Holdings Limited ("Qube"), Canada Pension Plan Investment Board ("CPPIB"), Global Infrastructure Management, LLC (on behalf of itself and its managed funds and clients) ("GIP") and CIC Capital Corporation ("CIC Capital").

[3] Subject to Australian Taxation Office ("ATO") approval and Asciano having a sufficient franking account balance.

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Consortium"[4]) will acquire, by way of a scheme of arrangement under Section 411 of the Corporations Act, 2001 ("Corporations Act") ("Scheme"), all of the issued shares in Asciano (other than the 379,863,196 Asciano shares held by certain Joint Consortium members) for a cash consideration of $9.15 for each Asciano share, less the amount of any special dividend paid.

Subject to the Scheme becoming effective, the relevant Joint Consortium members will sell, by way of conditional transfer agreements, their 379,863,196 Asciano shares to BidCo for consideration equal in value to the consideration under the Scheme of $9.15 for each Asciano share, less the amount of any special dividend paid; and

- immediately prior to implementation of the Scheme:
  - a 50:50 joint venture between Qube and the Brookfield Consortium (or entities controlled by them) (the "Ports Consortium") will acquire 100% of Patrick T&L for $2.915 billion (the "Ports Transaction")[5]; and
  - the Brookfield Consortium (or entities controlled by them) will acquire 100% of BAPS (including the 50% interest in Australian Amalgamated Terminals Pty Limited (the "AAT joint venture") and the related shareholder loans provided by Asciano to the AAT joint venture) for $925 million (the "BAPS Transaction")[6].

  The Ports Transaction and the BAPS Transaction are conditional on the Scheme becoming effective. Following completion of the Ports Transaction and the BAPS Transaction, implementation of the Scheme and completion of the conditional transfer agreements, BidCo will own Asciano's rail business, Pacific National.

The directors of Asciano have unanimously recommended that Asciano shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of Asciano shareholders.

The directors of Asciano have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium.

To assist in providing all relevant information to Asciano shareholders on the Joint Consortium Proposal, the directors of Asciano have also asked Grant Samuel to set out its opinion as to whether each of the Ports Transaction and the BAPS Transaction is fair and reasonable to Asciano shareholders other than the Joint Consortium.

A copy of the report (including this letter) will accompany the Scheme Booklet to be sent to shareholders by Asciano. This letter contains a summary of Grant Samuel's opinion and main conclusions.

2 Opinion on the Scheme

In Grant Samuel's opinion, the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium, in the absence of a superior proposal.

[4] The BidCo Consortium comprises the Qube Consortium excluding Qube and the Brookfield Consortium excluding Brookfield Infrastructure and QIA.

[5] It is intended that Patrick T&L's 50% interest in ACFS Port Logistics Pty Ltd (the "ACFS joint venture") will be transferred to the Brookfield Consortium. If the Brookfield Consortium retains the interest or it is sold to a third party, Qube will receive an adjustment to its share of the purchase price for Patrick T&L equal to 50% of the agreed market value of the 50% interest in the ACFS joint venture or 50% of the net proceeds from the sale of the 50% interest in the ACFS joint venture to a third party. Accordingly, the purchase price of $2.915 billion includes the value of the 50% interest in the ACFS joint venture.

[6] Subject to Australian Competition & Consumer Commission ("ACCC") approval, Qube will have the right to subsequently acquire the 50% interest in the AAT joint venture for $150 million, or to nominate a third party buyer.

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3 Key Conclusions

- **Asciano has been valued in the range $8,192-9,146 million, equivalent to $8.40-9.38 per share before payment of the interim dividend and $8.27-9.25 per share after payment of the interim dividend**

Grant Samuel's valuation of Asciano is summarised below:

Asciano - Valuation Summary ($ millions)			
	Full Report Section Reference	Value Range	
		Low	High
Pacific National	4.3	8,750.0	9,250.0
Patrick T&L[7]	4.4	2,200.0	2,400.0
BAPS[7]	4.5	850.0	950.0
Corporate costs (net of savings[8])	4.6	(484.0)	(340.0)
Value of business operations		**11,316.0**	**12,260.0**
Other assets and liabilities	4.7	(4.8)	10.2
Enterprise value		**11,311.2**	**12,270.2**
Adjusted net borrowings	4.8	(3,079.6)	(3,079.6)
Non-controlling interest	4.9	(40.0)	(45.0)
Value of equity		**8,191.6**	**9,145.6**
Number of issued shares (millions)	3.5	975.4	975.4
Value per share (cum dividend)		**$8.40**	**$9.38**
Interim dividend per share		(0.13)	(0.13)
Value per share (ex dividend)		**$8.27**	**$9.25**

The value per share has been shown on a cum dividend basis and an ex dividend basis to enable comparison with the value range in Grant Samuel's independent expert's report in relation to the Brookfield Proposal[9] prepared in September 2015 (the "First Asciano Report") (which was prepared on a cum dividend basis) and the consideration offered under the Scheme of $9.15 (which is on an ex dividend basis).

The valuation represents 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 exceeds the price at which, based on current market conditions, Grant Samuel would expect Asciano shares to trade on the Australian Securities Exchange in the absence of a takeover offer.

The values attributed to each of Asciano's business divisions represent 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 EBITDA[11] and EBITA[14]).

The DCF analysis undertaken for each of Asciano's business divisions:

- forecasts nominal ungeared after tax cash flows from 1 January 2016 to 30 June 2025, with a terminal value calculated to represent the value of cash flows in perpetuity;
- applies discount rates of 8-9% for Pacific National and 9-10% for Patrick T&L and BAPS; and
- considers a number of different scenarios in forming a view on value.

7 Includes Patrick T&L's and BAPS' interests in joint ventures and associates.

8 Corporate overhead cost savings (i.e. listed company and other costs) which are available to acquirers of 100% of the business (refer to Section 4.6 of the full report for details).

9 The Brookfield Proposal is described in Section 1.2 of the full report.

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The valuation allows for:

- the capitalised value of unallocated corporate costs (refer to Section 4.6 of the full report for details);
- 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 (refer to Section 4.7 of the full report for details);
- cash used to acquire Asciano shares to satisfy performance rights that will vest as part of the Scheme (refer to Section 4.8 of the full report for details); and
- the value attributable to the non-controlling interest in Autocare (refer to Section 4.9 of the full report for details).

The value range of $8.40-9.38 for each Asciano share (before payment of the interim dividend) is $0.02 lower than the value range attributed to each Asciano share in the First Asciano Report:

Comparison to First Asciano Report Valuation ($ millions)

	Full Report Section Reference	First Asciano Report		Change in Value	
		Low	High	Low	High
Pacific National	4.3	8,750.0	9,250.0	-	-
Patrick T&L	4.4	2,300.0	2,500.0	(100.0)	(100.0)
BAPS	4.5	900.0	1,000.0	(50.0)	(50.0)
Corporate costs (net of savings)	4.6	(484.0)	(340.0)	-	-
Value of business operations		**11,466.0**	**12,410.0**	**(150.0)**	**(150.0)**
Other assets and liabilities	4.7	11.9	31.9	(16.7)	(21.7)
Enterprise value		**11,477.9**	**12,441.9**	**(166.7)**	**(171.7)**
Adjusted net borrowings	4.8	(3,229.4)	(3,229.4)	149.6	149.6
Non-controlling interest in Autocare	4.9	(40.0)	(45.0)	-	-
Value of equity		**8,208.5**	**9,167.5**	**(17.1)**	**(22.1)**
Number of issued shares (millions)	3.5	975.4	975.4	975.4	975.4
Value per share (cum dividend)		**$8.42**	**$9.40**	**$(0.02)**	**$(0.02)**

The major changes to the valuation are:

- small reductions in the value attributed to Patrick T&L and BAPS (circa 5%);
- a reduction in the value attributed to corporate properties due to sales in the last six months (the proceeds from which are included in adjusted net borrowings); and
- a decline in adjusted net borrowings from generation of cash from business operations since 30 June 2015 and no final dividend payment in FY15[10], net of payment of the break fee to Brookfield Infrastructure and the cash payment associated with Travel Pass buyback.

[10] FYXX is the financial year end 30 June 20XX.

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- **The multiples implied by the valuation of each of Asciano's business divisions reflect the unique attributes of each business**

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

Asciano – Implied Valuation Parameters for Business Divisions

	Full Report Section Reference	Variable ($ millions)	Range of Parameters	
			Low	High
Pacific National	**4.3**		**8,750.0**	**9,250.0**
Multiple of underlying EBITDA[11] (times)				
Year ended 30 June 2015 (adjusted actual)[12]	3.3, 4.2.2	841.1	10.4	11.0
Year ending 30 June 2016 (adjusted broker consensus)[13]	App. 2, 4.2.2	870.6	10.1	10.6
Multiple of underlying EBITA[14] (times)				
Year ended 30 June 2015 (adjusted actual)[12]	3.3, 4.2.2	620.4	14.1	14.9
Year ending 30 June 2016 (adjusted broker consensus)[13]	App. 2, 4.2.2	633.8	13.8	14.6
Patrick T&L	**4.4**		**2,200.0**	**2,400.0**
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual)	3.3, 4.2.2	209.4	10.5	11.5
Year ending 30 June 2016 (adjusted broker consensus)	App. 2, 4.2.2	208.4	10.6	11.5
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual)	3.3, 4.2.2	156.5	14.1	15.3
Year ending 30 June 2016 (adjusted broker consensus)	App. 2, 4.2.2	149.9	14.7	16.0
BAPS	**4.5**		**850.0**	**950.0**
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual)	3.3, 4.2.2	97.8	8.7	9.7
Year ending 30 June 2016 (adjusted broker consensus)	App. 2, 4.2.2	99.0	8.6	9.6
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual)	3.3, 4.2.2	66.2	12.8	14.4
Year ending 30 June 2016 (adjusted broker consensus)	App. 2, 4.2.2	66.7	12.7	14.2

These multiples are 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 market position in its key markets;

[11] Underlying EBITDA is earnings before net interest, tax, depreciation and amortisation and material items. It includes other income and the net profit after tax ("NPAT") contribution from associates and joint ventures.

[12] Historical earnings have been adjusted by Grant Samuel to remove the impact of one-off and unusual items and to allow for the internal transfer of businesses between divisions.

[13] Asciano has not publicly released earnings forecasts for FY16 and the directors have decided not to include any forecasts in the Scheme Booklet. Accordingly, the forecast multiples are based on the median of broker's forecasts ("broker consensus") for Asciano and its business divisions (refer to Appendix 2 to the full report for details). Broker consensus forecasts have been adjusted by Grant Samuel to remove the impact of one-off and unusual items reported in Asciano's 1HY16 earnings. The adjusted broker consensus forecasts are sufficiently close to Asciano's FY16 (6+6) forecast to be useful for analytical purposes.

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

- 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;
- the pricing challenges facing both the rail and port businesses;
- the further upside still to be obtained from the business improvement program (at least $41 million in savings are expected to be achieved in 2HY16[15]) 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 Scheme is fair and reasonable to, and therefore in the best interests of, Asciano shareholders not associated with the Joint Consortium, in the absence of a superior proposal**

Grant Samuel has estimated the full underlying value of Asciano to be in the range $8.27-9.25 (after payment of the interim dividend). The consideration under the Scheme of $9.15 falls within this range. The bottom of the value range is the relevant threshold for determining fairness. The consideration payable under the Scheme is above the mid-point of the top quartile of the value range. On this basis, the Scheme is demonstrably fair.

In any event, the Joint Consortium Proposal is the final outcome of a highly competitive process involving both the Brookfield Consortium and the Qube Consortium over a nine month period. While the offer price has not escalated dramatically, the competitive environment has transformed the offer into a 100% cash offer eliminating any of the uncertainties attached to any scrip component. As the end result of such a process, it is reasonable to assume that the terms of the Joint Consortium Proposal represent close to the maximum value realistically available to Asciano shareholders in the current market environment.

As the Scheme is fair, it is also reasonable. In any event, there are a number of factors that support a conclusion that the Scheme is reasonable:

- the consideration offered under the Scheme of $9.15 per share represents substantial premiums over undisturbed trading prices (i.e. prior to announcement of the confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure on 1 July 2015):

Premiums Implied by the Consideration Offered Under the Scheme

Period	Asciano share price/VWAP ($)	Premium
Closing price on 30 June 2015	6.65	37.6%
1 week VWAP to 30 June 2015	6.58	39.0%
1 month VWAP to 30 June 2015	6.61	38.5%
3 month VWAP to 30 June 2015	6.58	39.1%
6 month VWAP to 30 June 2015	6.41	42.8%

The consideration offered under the Scheme represents substantial premiums for control (of 38-43%) over undisturbed trading prices. Premiums of this magnitude are above the level of control premiums typically expected in takeovers which tend to fall in the range 20-35%, but it is important to recognise that:

[15] 2HY16 is the six months ending 30 June 2016.

- premiums for control are an outcome not a determinant of value; and
- they vary widely depending on individual circumstances.

In this case, the extent of the premium may be attributable to:

- the relatively modest ratings (in terms of earnings multiples relative to peer group companies) attributed by the Australian market to Asciano, reflecting the weak economic circumstances impacting on Asciano's businesses prior to July 2015 (e.g. soft volumes through ports and a challenging outlook for the coal sector);
- the competition between the Qube Consortium and the Brookfield Consortium to acquire Asciano;
- the synergies potentially available to the Ports Consortium by integrating Qube's logistics activities with Patrick T&L and benefiting from Brookfield Infrastructure's ownership of container terminals in the United States and the United Kingdom; and
- the relative scarcity of high quality rail and port operations;

- in the absence of the Joint Consortium Proposal or any alternative offer it is likely that, under current market conditions, Asciano shares would trade at prices well below $9.15;
- while it is theoretically possible that another party could come forward with an alternative proposal that is superior to the Joint Consortium Proposal, in Grant Samuel's opinion this is highly unlikely given the fact that the two previously competing consortiums have come together and put forward the Joint Consortium Proposal, the amount of time that has elapsed since July 2015 and the scale of the financing task to put forward a competing offer; and
- the consideration under the Scheme includes a fully franked dividend of up to $0.90 per share. Some shareholders (primarily Australian resident shareholders on lower tax rates) 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).

As the Scheme is fair and reasonable, it is, therefore, in the best interests of Asciano shareholders not associated with the Joint Consortium, in the absence of a superior proposal.

4 Opinions on the Ports Transaction and the BAPS Transaction

Grant Samuel's estimates of the fair market value of Patrick T&L and BAPS (including a premium for control) are set out in Section 4.4 and Section 4.5 of the full report respectively. To align the valuation with the assets and liabilities being transferred under the Ports Transaction and the BAPS Transaction, it is necessary to adjust the valuations:

Adjusted Valuations ($ millions)				
	Patrick T&L		BAPS	
	Low	High	Low	High
Grant Samuel estimate of business value	**2,200.0**	**2,400.0**	**850.0**	**950.0**
Loans to associates	-	-	52.4	52.4
Restructuring provision	(0.4)	(0.4)	(6.5)	(6.5)
Non-controlling interest	-	-	(40.0)	(45.0)
Adjusted enterprise value	**2,199.6**	**2,399.6**	**855.9**	**950.9**

Shareholders in Asciano are being offered a cash price of $9.15 per share (after payment of the interim dividend) and, arguably, the only relevant consideration is whether or not that represents "fair value". The Ports Transaction and the BAPS Transaction have no direct financial effect on this issue. Nevertheless, to assist in providing all relevant information to Asciano shareholders on the Joint Consortium Proposal, the directors of Asciano have asked Grant Samuel to set out its opinion as to

whether each of the Ports Transaction and the BAPS Transaction is fair and reasonable to Asciano shareholders other than the Joint Consortium.

There are no regulatory or other guidelines that provide a clear and unambiguous basis for evaluating the fairness or reasonableness of the Ports Transaction or the BAPS Transaction because the circumstances mean they are unlike a typical corporate control transaction. Moreover, the perspective for "fairness" for each of these requirements is different. In the absence of definitive guidance, Grant Samuel has assessed the two transactions on the following bases:

- as related party transactions, where the relevant test is whether the sale price for each of Patrick T&L and BAPS is at least equal to the sale price that could be expected in a transaction between arm's length parties:
  - in the case of BAPS, the sale price of $925 million compares to the adjusted Grant Samuel valuation range of $855.9-950.9 million and, on this basis, the sale price is equivalent to an arm's length price; and
  - in the case of Patrick T&L, the sale price of $2,915 million is substantially in excess of the adjusted Grant Samuel valuation range of $2,199.6-2,399.6 million and it is therefore arguable that the price is well in excess of an arm's length price (i.e. it is more than fair).

    Grant Samuel is not aware of the specific reasons for the price to be paid by the Ports Consortium or the basis on which they determined the price they were prepared to pay but presumably it reflects the substantial synergies that are available. Qube has announced that it expects to realise total synergies of $30-50 million per annum. These synergies were not incorporated in Grant Samuel's estimate of the value of Patrick T&L because they are specific to Qube (as a result of its substantial existing logistics businesses across Australia) and would not be available to other acquirers of Patrick T&L (as there are no other potential acquirers with comparable operations);

- as the provision of collateral benefits, where the relevant test is whether Qube and/or the Brookfield Consortium, which are both shareholders in Asciano, are receiving benefits through the Ports Transaction and/or the BAPS Transaction that are not available to the other shareholders in Asciano (excluding the other members of the Joint Consortium). As demonstrated above, the Brookfield Consortium is paying a price in line with an arm's length price for BAPS and the Brookfield Consortium, together with Qube, is paying a price in excess of an arm's length price to acquire Patrick T&L. On this basis, neither the Brookfield Consortium nor Qube are receiving a collateral benefit under the Joint Consortium Proposal; and

- as an acquisition of the whole of Asciano and the onsale of Patrick T&L and BAPS to Qube and the Brookfield Consortium. On this basis, the question arises as to whether the BidCo Consortium is onselling those businesses at prices greater than it effectively paid in acquiring Asciano and whether or not that "profit" could, or should, have been passed through to all Asciano shareholders.

  In this case, the Patrick T&L business is being sold for a price of $2,915 million compared to Grant Samuel's estimated adjusted value of $2,199.6-2,399.6 million (in contrast, BAPS is being sold for a price within the Grant Samuel estimated adjusted value range).

  It is important to note that it is not possible to definitively determine whether or not there is a "profit" on the sale because the acquisition of Asciano is a joint acquisition of three businesses and the allocation of value between them is inevitably a subjective assessment involving negotiations between the parties. It is quite conceivable that the parties involved could have genuinely different views on the value of the respective components of Asciano to those estimated by Grant Samuel. The three parties each have different economic interests and there is no obvious reason why they would agree to anything other than genuine prices for each business. Accordingly, the question of whether or not there is a profit on sale is subject to debate and, in Grant Samuel's opinion, the more important question is the fairness of the overall consideration of $9.15 per share (after payment of the interim dividend).

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In any event, even if the sale prices for Patrick T&L and BAPS (rather than Grant Samuel's estimated values) were incorporated into the valuation range for Asciano, the consideration of $9.15 per share (after payment of the interim dividend) would still be above the bottom of the estimated adjusted value range of $9.07-9.75 per share (after payment of the interim dividend) and would still be fair.

As each of the Ports Transaction and the BAPS Transaction is fair, it is therefore reasonable. Accordingly, in Grant Samuel's opinion each of the Ports Transaction and the BAPS Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium.

5 Other Matters

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 Scheme Booklet issued by Asciano in relation to the Joint Consortium Proposal.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of Asciano. In any event, the decision whether to vote for or against the Scheme 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 Scheme should consult their own professional adviser.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion 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

9

Financial Services Guide and Independent Expert's Report in relation to the Joint Consortium Proposal

Grant Samuel & Associates Pty Limited
(ABN 28 050 036 372)

20 April 2016

GRANT SAMUEL

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 Joint Consortium Proposal ("the Asciano Report"), Grant Samuel will receive a fixed fee of $350,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 7.3 of the 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 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 7.3 of the 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, GIP, CPPIB, Shunrong, bcIMC, GIC, Brookfield Infrastructure (and its affiliates) or Qube, or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide unbiased opinions in relation to the Joint Consortium Proposal.*
>
> *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 received a total fee (based on hours incurred) of less than $120,000 for this service;*
> - *on 29 September 2015, it issued an independent expert's report in relation to the Brookfield Proposal. Grant Samuel received a fee of $1.1 million for this assignment; and*
> - *on 11 December 2015, it issued a supplementary independent expert's report in relation to the Brookfield Offer. Grant Samuel received a fee of $50,000 for this assignment.*
>
> *Grant Samuel had no part in the formulation of the Joint Consortium Proposal. Its only role has been the preparation of this report.*
>
> *Grant Samuel will receive a fixed fee of $350,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Joint Consortium Proposal. 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 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 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.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372 AFS LICENCE NO 240985

GRANT SAMUEL

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1 The Joint Consortium Proposal

1.1 Terms of the Joint Consortium Proposal

On 15 March 2016, Asciano Limited ("Asciano") announced that it had entered into binding documentation with:

- Brookfield Infrastructure Partners L.P. (and certain of its affiliates) ("Brookfield Infrastructure"), GIC Private Limited (and certain of its affiliates) ("GIC"), British Columbia Investment Management Corporation ("bcIMC") and Qatar Investment Authority ("QIA") (together, the "Brookfield Consortium"). QIA joined the Brookfield Consortium after 23 February 2016; and
- Qube Holdings Limited ("Qube"), Canada Pension Plan Investment Board ("CPPIB"), Global Infrastructure Management, LLC (on behalf of itself and its managed funds and clients) ("GIP") and CIC Capital Corporation ("CIC Capital") (together, the "Qube Consortium"),

(together, the "Joint Consortium"), in relation to a proposal for the acquisition of 100% of the issued capital of Asciano for a cash consideration of $9.15 for each Asciano share with Asciano's business divisions to be divided among the Joint Consortium members (the "Joint Consortium Proposal"). The binding documentation includes a scheme implementation deed and sale agreements in relation to the Patrick container terminals business ("Patrick T&L") and the Bulk & Automotive Port Services business ("BAPS").

If the Joint Consortium Proposal proceeds, Asciano intends to pay a special dividend[1] of up to $0.90 per share before the scheme implementation date. The cash consideration of $9.15 for each Asciano share will be reduced by the amount of any special dividend that is paid.

Announcement of the Joint Consortium Proposal followed the announcement by Asciano on 23 February 2016 that preliminary discussions had taken place between Asciano, the Brookfield Consortium and the Qube Consortium to facilitate the acquisition of 100% of the issued capital of Asciano for a cash consideration of $9.28 per share (reduced by the amount of any interim and special dividends paid by Asciano). On 24 February 2016, Asciano declared an interim dividend of $0.13 per share, which was paid on 24 March 2016. The $9.15 consideration under the Joint Consortium Proposal represents the $9.28 per share announced on 23 February 2016 less the amount of the interim dividend of $0.13 per share.

Under the Joint Consortium Proposal:

- a vehicle ("BidCo") owned directly or indirectly by CPPIB, GIP, Beijing Shunrong Investment Corporation ("Shunrong") (an affiliate of CIC Capital), GIC and bcIMC (together, the "BidCo Consortium") will acquire, by way of a scheme of arrangement under Section 411 of the Corporations Act, 2001 ("Corporations Act") ("Scheme"), all of the issued shares in Asciano (other than the 379,863,196 Asciano shares held by certain Joint Consortium members) for a cash consideration of $9.15 for each Asciano share, less the amount of any special dividend paid.

  Subject to the Scheme becoming effective, the relevant Joint Consortium members will sell, by way of conditional transfer agreements, their 379,863,196 Asciano shares to BidCo for consideration equal in value to the consideration under the Scheme of $9.15 for each Asciano share, less the amount of any special dividend paid; and

[1] Subject to Australian Taxation Office ("ATO") approval and Asciano having a sufficient franking account balance.

- immediately prior to implementation of the Scheme:
  - a 50:50 joint venture between Qube and the Brookfield Consortium (or entities controlled by them) (the "Ports Consortium") will acquire 100% of Patrick T&L for $2.915 billion (the "Ports Transaction")[2]; and
  - the Brookfield Consortium (or entities controlled by them) will acquire 100% of BAPS (including the 50% interest in Australian Amalgamated Terminals Pty Limited (the "AAT joint venture") and the related shareholder loans provided by Asciano to the AAT joint venture) for $925 million (the "BAPS Transaction")[3].

  The Ports Transaction and the BAPS Transaction are conditional on the Scheme becoming effective. Following completion of the Ports Transaction and the BAPS Transaction, implementation of the Scheme and completion of the conditional transfer agreements, BidCo will own Asciano's rail business, Pacific National.

Other elements of the Joint Consortium Proposal include:

- Asciano and BidCo have agreed to certain exclusivity restrictions for the period from the date of the scheme implementation deed until 15 August 2016 (the "exclusivity period"), including no-talk and no-shop provisions. The no-talk provisions apply unless the Asciano board has formed the opinion in good faith that complying with the provisions would, or would be likely to, constitute a breach of any of the directors' fiduciary or statutory duties;
- during the exclusivity period, Asciano must notify the BidCo Consortium, the Ports Consortium and the Brookfield Consortium in writing of any proposed or potential competing proposal or the provision of any information for the purposes of a competing proposal. Prior to entering into, or recommending, any competing proposal which the Asciano board acting in good faith and to satisfy the Asciano directors' fiduciary or statutory duties, determines would be, or would be likely to be, a superior proposal, Asciano must give the BidCo Consortium, the Ports Consortium and the Brookfield Consortium the opportunity to provide a matching or superior proposal to the terms of the competing proposal. If the Asciano board, acting reasonably and in good faith, determines that this counterproposal would provide an equivalent or superior outcome for Asciano shareholders as a whole compared to the competing proposal, Asciano, the BidCo Consortium, the Ports Consortium and the Brookfield Consortium must use their best endeavours to implement the counterproposal;
- from the date of the scheme implementation deed, Asciano must cease discussions relating to any actual, proposed or potential competing proposal or any transaction that would reduce the likelihood of success of any of the transactions contemplated by the Joint Consortium Proposal;
- Asciano must pay the Qube Consortium a reimbursement fee of $88 million if a competing proposal is announced during the exclusivity period and that competing proposal is completed, becomes unconditional or the party making it otherwise acquires control of Asciano within 12 months of its announcement or the BidCo Consortium, the Ports Consortium and the Brookfield Consortium (acting jointly) terminate the scheme implementation deed due to a material breach by Asciano; and
- 2,883,737 of the existing 3,339,496 performance rights issued under Asciano's short term and long term incentive plans as well as any additional performance rights that may be issued

[2] It is intended that Patrick T&L's 50% interest in ACFS Port Logistics Pty Ltd (the "ACFS joint venture") will be transferred to the Brookfield Consortium. If the Brookfield Consortium retains the interest or it is sold to a third party, Qube will receive an adjustment to its share of the purchase price for Patrick T&L equal to 50% of the agreed market value of the 50% interest in the ACFS joint venture or 50% of the net proceeds from the sale of the 50% interest in the ACFS joint venture to a third party. Accordingly, the purchase price of $2.915 billion includes the value of the 50% interest in the ACFS joint venture.

[3] Subject to Australian Competition & Consumer Commission ("ACCC") approval, Qube will have the right to subsequently acquire the 50% interest in the AAT joint venture for $150 million, or to nominate a third party buyer.

under Asciano's FY16[4] short term incentive plan as disclosed to the Joint Consortium members and, if the Scheme has not been implemented prior to 30 June 2016, a grant of performance rights for FY17 not exceeding 50,000 in total will vest and/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 Scheme. Any performance rights that do not vest will lapse or be cancelled.

The Scheme is subject to a number of conditions that are set out in the Notice of Meeting and Explanatory Memorandum ("Scheme Booklet"). In summary, the key conditions include:

- satisfaction of all regulatory approvals, including ACCC and Foreign Investment Review Board approval in Australia and approval from the Overseas Investment Office in New Zealand as well as all necessary reliefs, waivers, exemptions, consents and approvals from the Australian Securities & Investments Commission ("ASIC") and the Australian Securities Exchange ("ASX") and any decision required under the European Union Merger Regulations.

  ASIC has granted relief, subject to conditions, to the Joint Consortium members to enter into the Scheme and for BidCo to acquire the Asciano shares held by certain Joint Consortium members even though doing so will give BidCo and each of the Joint Consortium members a relevant interest in at least 39.3% of Asciano shares. ASIC has also granted relief to the Qube Consortium from any obligation to make a takeover bid for Asciano within two months of announcement of the Qube Consortium Proposal[5];
- certain third party change of control consents in respect of the Port Botany container terminal site and the Port of Brisbane/Fisherman Islands container terminal site;
- no prescribed occurrences or material adverse change in relation to Asciano from 15 March 2016 to the date of the second court hearing;
- an independent expert opining that the Scheme is in the best interests of Asciano shareholders;
- Asciano shareholders approving the Scheme by the necessary majorities;
- Supreme Court of New South Wales approval of the Scheme; and
- the sale agreements for the Ports Transaction and the BAPS Transaction remaining on foot on the morning of the second court hearing.

The directors of Asciano have unanimously recommended that Asciano shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an independent expert opining that the Scheme is in the best interests of Asciano shareholders.

1.2 Background to the Joint Consortium Proposal

The Joint Consortium Proposal is the end result of a number of events involving Asciano over the last nine months which are summarised below.

The Brookfield Proposal

On 18 August 2015, a consortium led by Brookfield Infrastructure and including bcIMC and GIC proposed to acquire, by way of scheme of arrangement, 100% of the issued capital of Asciano for a standard consideration of $6.9439 in cash (less the amount of any special dividend paid) plus 0.0387 Brookfield Infrastructure units for each Asciano share (the "Brookfield Proposal"). The Brookfield Proposal also included a "mix-and-match" facility under which Asciano shareholders could receive the maximum cash consideration or the maximum share consideration instead of the

[4] FYXX is the financial year end 30 June 20XX.

[5] The Qube Consortium Proposal is described in Section 1.2 below.

standard consideration. The Brookfield Infrastructure units issued to Asciano shareholders were to be in the form of CHESS Depositary Interests to be listed on the ASX.

Announcement of the Brookfield Proposal followed the announcement by Asciano on 1 July 2015 that it had received a confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure to acquire 100% of the issued capital of Asciano at an implied value of $9.05 per share in cash and Brookfield Infrastructure units.

The directors of Asciano unanimously recommended the Brookfield 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 announced that, with the support of GIP and CPPIB, it had acquired an aggregate interest representing 19.99% of the shares in Asciano. Key aspects of the announcement were that:

- Qube did not intend to vote in favour of the Brookfield Proposal;
- Qube 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; and
- another option under consideration by Qube was for it to hold its stake for a period of time and seek board representation.

The Brookfield Offer

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 Brookfield Proposal ($6.9439 in cash plus 0.0387 Brookfield Infrastructure units for each Asciano share).

Asciano and the Brookfield Consortium subsequently amended the implementation deed to reflect the concurrent Brookfield Proposal and Brookfield Offer processes. The Brookfield Offer was conditional on the Brookfield Consortium obtaining a relevant interest in at least 50.1% of Asciano's issued share capital.

The directors of Asciano unanimously recommended the Brookfield Offer (in addition to the Brookfield Proposal, the scheme meeting for which had been adjourned to a date to be determined) in the absence of a superior proposal.

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 $9.25 per share ("the Indicative Qube Offer"), to be paid in a combination of cash and shares in Qube. The Asciano board granted the Qube Consortium access to confirmatory due diligence on the basis of the Indicative Qube Offer.

The Qube Consortium Proposal

On 28 January 2016, Asciano announced that it had received a proposal from the Qube Consortium to acquire up to 100% of the issued capital of Asciano for $6.97 cash and 1 Qube

share for each Asciano share. On 8 February 2016, this proposal was revised to $7.04 cash and 1 Qube share for each Asciano share (the "Qube Consortium Proposal").

Under the Qube Consortium Proposal:

- GIP, CPPIB and CIC Capital, through a jointly owned bid vehicle, would make a takeover bid to acquire all of the shares in Asciano for a consideration of $7.04 cash and 1 Qube share;
- Qube would acquire 100% of Patrick T&L (excluding the 50% interest in the ACFS joint venture) and Asciano's 50% interest in the AAT joint venture[6] for an enterprise value of $2,650 million; and
- BAPS (excluding the 50% interest in the AAT joint venture) and Asciano's 50% interest in the ACFS joint venture would be sold to an entity to be established and owned initially by GIP, CPPIB and CIC Capital for an enterprise value of $850 million.

Asciano was permitted to pay fully franked dividends of up to $0.97 per share. The $7.04 cash component of the consideration would be reduced to the extent that dividends are paid.

Subsequent Events

The Asciano board determined that the Qube Consortium Proposal was a superior proposal for the purposes of the Brookfield Offer and, as required under the terms of the Brookfield Offer, on 8 February 2016 issued a notice to Brookfield Infrastructure providing it with the right to submit a matching or superior proposal to the Qube Consortium Proposal.

Brookfield Infrastructure advised Asciano that it was working on a revised transaction to satisfy ACCC concerns that would comprise:

- an all cash transaction at a value of $9.28 for each Asciano share; and
- an upfront disposal of Pacific National's intermodal business on a pre agreed basis.

However, Brookfield Infrastructure did not submit a matching or superior proposal within the five business day period required (although it was confident that it would be able to do so prior to any anticipated decision by the ACCC).

As a result, on 16 February 2016, the Asciano board terminated the bid implementation deed between Asciano and Brookfield Infrastructure and unanimously recommended the Qube Consortium Proposal to Asciano shareholders subject to no superior proposal being received and an independent expert opining that each of the transactions contemplated by the Qube Consortium Proposal is fair and reasonable to Asciano shareholders.

On 18 February 2016, the Supreme Court of New South Wales, on the application of Asciano, ordered that the scheme meeting in relation to the Brookfield Proposal no longer be held and that proceedings concerning the scheme be dismissed. The Brookfield Offer closed at 7.00pm (Sydney time) on 18 February 2016. Asciano paid a break fee of $88 million to Brookfield Infrastructure on 19 February 2016.

Following announcement of the Joint Consortium Proposal on 15 March 2016 and its unanimous recommendation by the Asciano board, the transaction documentation entered into in relation to the Qube Consortium Proposal was terminated by mutual agreement. No break fee was payable by Asciano on termination of the Qube Consortium Proposal transaction documentation or on the Asciano board's support of the Joint Consortium Proposal.

[6] Asciano's 50% interest in the AAT joint venture is part of BAPS.

1.3 ACCC Deliberations

Prior to 23 February 2016, the ACCC was in the process of undertaking formal reviews of both the Brookfield Proposal/Brookfield Offer and the Qube Consortium Proposal.

As part of its engagement with the ACCC, the Brookfield Consortium submitted a number of proposed behavioural 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.

The ACCC was expected to make a final decision on the Brookfield Proposal and the Brookfield Offer on 17 December 2015. On 14 December 2015, the ACCC suspended its timeline, at the request of the Brookfield Consortium, to allow a revised undertaking proposal to be considered. The proposed revised undertakings involved commitments to:

- divest Pacific National's national intermodal business and its bulk rail operations in Western Australia to an independent third party; and
- ensure independent operation and decision making at Brookfield Infrastructure's Dalrymple Bay Coal Terminal.

The ACCC intended to make its final decision on the Brookfield Proposal and the Brookfield Offer, as well as its initial decision on the Qube Consortium Proposal on 18 February 2016. This date was subsequently deferred to 24 March 2016.

On 23 February 2016, the ACCC announced that it had suspended the review timelines for its consideration of both the Qube Consortium Proposal and the Brookfield Consortium Proposal, pending further details on the Joint Consortium Proposal.

Following announcement of the Joint Consortium Proposal on 15 March 2016, the consortium members lodged a detailed submission with the ACCC in relation to the Joint Consortium Proposal. On 30 March 2016, the ACCC announced an informal review of the Joint Consortium Proposal. The closing date for submissions is 18 April 2016 and the provisional date for announcement of the ACCC's decision is 26 May 2016. The ACCC's decision may be a final decision or release of a statement of issues.

GRANT SAMUEL

2 Scope of the Report

2.1 Purpose of the Report

Under Section 411 of the Corporations Act ("Section 411") the Scheme must be approved by a majority in number (i.e. more than 50%) of each class of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. If approved by Asciano shareholders, the Scheme will then be subject to approval by the Supreme Court of New South Wales.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion. In this case, each of the Joint Consortium members is a party to the scheme implementation deed relating to the Scheme. Certain Joint Consortium members, through their involvement with the Brookfield Consortium and the Qube Consortium, had a relevant interest in at least 39.3% of the shares on issue in Asciano immediately prior to announcing the Joint Consortium Proposal. Accordingly, an independent expert's report is required for the purposes of Section 411.

In addition, on 15 March 2016, ASIC issued ASIC Instrument 16/203 exempting the Joint Consortium from Section 606 of the Corporations Act in relation to the Joint Consortium Proposal providing certain conditions are met. Section 606 effectively prohibits a person from acquiring a relevant interest in a listed company where that person's voting power increases from 20% or below to in excess of 20%, or, if that person already has voting power in excess of 20%, their voting power increases further, except in limited circumstances. In this case, execution of a framework deed by each of the Joint Consortium members on 15 March 2016, setting out the terms and conditions on which the Joint Consortium members agreed to propose and implement the Joint Consortium Proposal, resulted in each Joint Consortium member having a relevant interest in at least 39.3% of the shares on issue in Asciano which would have constituted a breach of Section 606 but for the relief granted by ASIC. One of the conditions of ASIC's relief which must be met is that Asciano engage an independent expert to prepare a report on whether the Scheme is in the best interests of holders of ordinary shares in Asciano not associated with the Joint Consortium.

Accordingly, the directors of Asciano have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report. The report is to set out Grant Samuel's opinion as to whether the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium and to state reasons for that opinion.

To assist in providing all relevant information to Asciano shareholders on the Joint Consortium Proposal, the directors of Asciano have also asked Grant Samuel to set out its opinion as to whether:

- the Ports Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium; and
- the BAPS Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium.

A copy of the report will accompany the Scheme Booklet to be sent to shareholders by Asciano.

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 Scheme Booklet issued by Asciano in relation to the Joint Consortium Proposal.

Voting for or against the Scheme is a matter for individual shareholders based on their 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 Scheme should consult their own professional adviser.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, the Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 which establishes guidelines in respect of independent expert's reports. ASIC Regulatory Guide 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders. For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. If the advantages outweigh the disadvantages, a proposal would be in the best interests of shareholders.

The Scheme is effectively a takeover of Asciano. Accordingly, Grant Samuel has evaluated the Scheme as a control transaction and formed a judgement as to whether the Scheme is "fair and reasonable".

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. 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".

Fairness is a more demanding criteria. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation, the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

Grant Samuel has determined whether the Scheme is fair by comparing the estimated underlying value of Asciano shares with the consideration to be received by Asciano shareholders under the Scheme. The Scheme will be fair if the consideration falls within the estimated underlying value range of Asciano shares. In considering whether the Scheme is reasonable, the factors that have been considered include:

- the existing shareholding structure of Asciano;
- the likelihood of an alternative offer and alternative transactions that could realise fair value;
- the likely market price and liquidity of Asciano shares in the absence of the Scheme; and
- other advantages and disadvantages for Asciano shareholders of approving the Scheme.

The essential principles underlying "fairness" and "reasonableness" (i.e. that fairness relates to value and reasonableness relates to other factors) have been applied in assessing whether the Ports Transaction and the BAPS Transaction are fair and reasonable to Asciano shareholders other than the Joint Consortium. However, the analytical framework will need to be adapted to the specific circumstances of those transactions given their unusual nature.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Scheme Booklet (including earlier drafts);
- financial results of Asciano for the four years ended 30 June 2015 and the six months ended 31 December 2015;
- press releases, public announcements, media and analyst presentation material and other public filings by Asciano including information available on its website;
- brokers' reports and recent press articles on Asciano and the transport infrastructure industry; and
- sharemarket data and related information on Australian and international listed companies engaged in the transport infrastructure industry and on acquisitions of companies and businesses in this industry.

Non Public Information provided by Asciano

- forecast for the year ending 30 June 2016 for Asciano and each of its business divisions prepared by Asciano management;
- projections for the years ending 30 June 2017 to 2020 for Asciano and each of its business divisions prepared by Asciano management;
- 10 year corporate cash flow model including projections for Asciano's business operations; and
- other confidential documents, board papers, presentations and working papers.

In preparing this report, representatives of Grant Samuel held discussions with, and obtained information from, senior management of Asciano and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change

significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by Asciano and its advisers. Grant Samuel has considered and relied upon this information. Asciano has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium and whether the Ports Transaction and the BAPS Transaction are fair and reasonable to Asciano shareholders other than the Joint Consortium. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. "Due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert. Grant Samuel is not in a position, nor is it practicable, to undertake its own "due diligence" investigation of the type undertaken by accountants, lawyers or other advisers.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Asciano. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- the forecast for Asciano (and each of its business divisions) for the year ending 30 June 2016, incorporating actual results for the six months ended 31 December 2015 ("FY16 (6+6) forecast") prepared by management and adopted by the directors of Asciano;
- strategic plan for Asciano (and each of its business divisions) for the years ending 30 June 2017 to 2020 prepared by management; and
- 10 year corporate cash flow model for Asciano's business operations for the period commencing 1 July 2015. The model was prepared by Asciano and its advisers.

Asciano is responsible for this forward looking information. Grant Samuel has considered and, to the extent deemed appropriate, relied on this information for the purposes of its analysis. In relation to the cash flow models Grant Samuel has made adjustments to reflect its judgement on certain matters and to ensure consistent application of assumptions. The major assumptions underlying the forward looking information were reviewed by Grant Samuel in the context of current economic, financial and other conditions. It should be noted that the forward looking information and the underlying assumptions have not been reviewed (nor is there a statutory or regulatory requirement for such a review) by an investigating accountant for reasonableness or accuracy of compilation and application of assumptions.

Subject to these adjustments and limitations, Grant Samuel considers that, based on the inquiries it has undertaken and only for the purposes of its analysis for this report (which do not constitute, and are not as extensive as, an audit or accountant's examination), there are reasonable grounds to believe that the forward looking information has been prepared on a reasonable basis. In forming this view, Grant Samuel has taken the following factors into account:

- the FY16 (6+6) forecast has been adopted by the Directors of Asciano;
- the strategic plan has been endorsed by the Directors of Asciano;
- the FY16 (6+6) forecast has been prepared through a detailed process involving preparation of "ground up" forecasts by the management of individual operations and review by management of Asciano and incorporates actual results for the six months ended 31 December 2015;
- Asciano has sophisticated management and financial reporting processes; and
- a large proportion of Asciano's business is underpinned by long term, take-or-pay contracts and the revenue and costs from these contracts are relatively stable and predictable.

Grant Samuel has no reason to believe that the forward looking information reflects any material bias, either positive or negative. However, the achievability of the FY16 (6+6) forecast and the strategic plan is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

While Asciano has made guidance statements about earnings before net interest and tax ("EBIT") for the year ending 30 June 2016, the directors of Asciano have decided not to include the FY16 (6+6) forecast or the strategic plan in the Scheme Booklet and therefore this information has not been disclosed in this report.

To provide an indication of the expected financial performance of Asciano, Grant Samuel has considered brokers' forecasts for Asciano (refer to Appendix 2). Grant Samuel has used the median of the brokers' forecasts to review the parameters implied by its valuation of Asciano. These forecasts are sufficiently close to Asciano's FY16 (6+6) forecast to be useful for analytical purposes.

As part of its analysis, Grant Samuel has reviewed the sensitivity of net present values to changes in key variables. The scenario analysis isolates a limited number of assumptions and shows the impact of variations to those assumptions. No opinion is expressed as to the probability or otherwise of those variations occurring. Actual variations may be greater or less than those modelled. In addition to not representing best and worst outcomes, the analysis does not, and does not purport to, show the impact of all possible variations to the business model. The actual performance of the business may be negatively or positively impacted by a range of factors including, but not limited to:

- changes to the assumptions other than those considered in the scenario analysis;
- greater or lesser variations to the assumptions considered in the scenario analysis than those modelled; and
- combinations of different variations to a number of different assumptions that may produce outcomes different to the combinations modelled.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;

- the assessments by Asciano and its advisers with regard to legal, regulatory, tax and accounting matters relating to the Joint Consortium Proposal are accurate and complete;
- the information set out in the Scheme Booklet sent by Asciano to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Joint Consortium Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Joint Consortium Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

2.5 First Asciano Report

Grant Samuel prepared an independent expert's report in relation to the Brookfield Proposal in September 2015 (the "First Asciano Report").

The First Asciano Report included:

- a detailed profile of Asciano and each of its business divisions, Pacific National, Patrick T&L and BAPS (Sections 3 and 4 of the First Asciano Report);
- a discussion of alternative valuation methodologies and the valuation approach adopted for Asciano (Section 6.2 of the First Asciano Report);
- calculation of appropriate discount rates (Appendix 1 of the First Asciano Report); and
- detailed descriptions of comparable listed entities and transactions (Appendix 3 and Appendix 4 of the First Asciano Report).

This background information has not been repeated in this report. The First Asciano Report was included in the scheme booklet prepared by Asciano in relation to the Brookfield Proposal and sent to shareholders. This scheme booklet is available on Asciano's website, asciano.com.au.

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3 Profile of Asciano

3.1 Introduction

A detailed profile of Asciano and each of its business divisions is set out in Sections 3 and 4 of the First Asciano Report. This section focuses on Asciano's recent financial information (for the six months ended 31 December 2015) and share price performance and its current capital structure and ownership.

The main change to Asciano's business operations in 1HY16[7] was the formation of the ACFS joint venture effective from 1 August 2015:

- up until 31 July 2015, the revenue and earnings of Patrick T&L's metropolitan logistics business have been included in Asciano's financial performance; and
- from 1 August 2015, the revenue and earnings of Patrick T&L's metropolitan logistics business have been excluded from Asciano's financial performance and its 50% interest in the ACFS joint venture has been equity accounted (i.e. 50% of the net profit after tax ("NPAT") from the ACFS joint venture has been included in Asciano's earnings).

3.2 Recent Group Financial Performance

Recent Historical Financial Performance

The historical financial performance of Asciano for the year ended 30 June 2015 and the six months ended 31 December 2014, 30 June 2015 and 31 December 2015 is summarised below:

Asciano – Recent Historical Financial Performance ($ millions)

	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Operating revenue	3,795.4	1,933.9	1,861.5	1,836.3
Other income[8]	43.7	13.2	30.5	27.1
Total revenue	**3,839.1**	**1,947.1**	**1,892.0**	**1,863.4**
Rail access charges (refer to footnote 18)	(187.4)	(89.8)	(97.6)	(108.7)
Total revenue (net of rail access charges)	**3,651.7**	**1,857.3**	**1,794.4**	**1,754.7**
Underlying EBITDA[9]	**1,142.0**	**563.9**	**578.1**	**568.4**
Depreciation and amortisation	(322.1)	(157.7)	(164.4)	(173.1)
Underlying EBITA[10]	**819.9**	**406.2**	**413.7**	**395.3**
Amortisation of customer contracts	(29.7)	(15.1)	(14.6)	(15.0)
Underlying EBIT[11]	**790.2**	**391.1**	**399.1**	**380.3**
Net financing costs	(204.5)	(106.9)	(97.6)	(107.7)
Underlying profit before tax	**585.7**	**284.2**	**301.5**	**272.6**
Income tax expense	(169.8)	(82.6)	(87.2)	(57.5)
Underlying NPAT	**415.9**	**201.6**	**214.3**	**215.1**

7 1HY16 is the six months ended 31 December 2015.

8 Other income includes net gain on sale of property, plant and equipment and lease rental income.

9 Underlying EBITDA is earnings before net interest, tax, depreciation and amortisation and material items. It includes other income and the NPAT contribution from associates and joint ventures.

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

11 Underlying EBIT is earnings before net interest, tax and material items. It includes other income and the NPAT contribution from associates and joint ventures.

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Asciano – Recent Historical Financial Performance ($ millions)				
	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Underlying NPAT	**415.9**	**201.6**	**214.3**	**215.1**
Material items (net of tax)	(55.1)	(11.4)	(43.7)	(14.5)
Statutory NPAT	**360.8**	**190.2**	**170.6**	**200.6**
Outside equity interests	(1.2)	(0.5)	(0.7)	(0.8)
NPAT attributable to Asciano shareholders	**359.6**	**189.7**	**169.9**	**199.8**
Statistics				
Underlying diluted earnings per share	*42.5c*	*20.6c*	*21.9c*	*22.0c*
Statutory diluted earnings per share	*36.8c*	*19.4c*	*17.4c*	*20.5c*
Dividends per share	*8.25c*[12]	*8.25c*	*-*	*13.00c*
Dividend payout ratio[13]	*nc*[12]	*40%*	*nc*	*59%*
Amount of dividend franked	*100%*	*100%*	*nc*	*100%*
Total revenue (net of access charges) growth	*-3.7%*	*nc*	*nc*	*-5.5%*
Underlying EBITDA growth	*+8.6%*	*nc*	*nc*	*+0.8%*
Underlying EBITA growth	*+9.5%*	*nc*	*nc*	*-2.7%*
Underlying EBITDA margin[14]	*31.3%*	*30.4%*	*32.2%*	*32.4%*
Underlying EBITA margin[14]	*22.5%*	*21.9%*	*23.1%*	*22.5%*
Interest cover[15]	*5.6x*	*5.3x*	*5.9x*	*5.3x*

Source: Asciano and Grant Samuel analysis

Total revenue (net of access charges) fell by 5.5% in 1HY16 (compared to the prior corresponding period). While the majority of the decline in operating revenue was due to the transfer of Patrick T&L's metropolitan logistics business to the ACFS joint venture and Asciano's 50% interest in this joint venture being equity accounted and the impact of lower fuel costs included in revenue but passed through to customers, total revenue in 1HY16 also included $15.0 million of profit on the sale of properties, $1.5 million profit on the formation of the ACFS joint venture and a $5 million land tax refund. Adjusted for these factors, the decline in revenue was a more modest 2.8%, reflecting weak economic conditions (particularly in Western Australia and in the resource and commodity sectors) that have resulted in flat or soft volumes across most of Asciano's business activities other than Queensland coal.

Underlying EBITDA for 1HY16 was relatively flat, with the decline in revenue more than offset by:

- ongoing business improvement program and other initiatives. Business improvement program initiatives generated $39.7 million of benefits in 1HY16;
- a decline in fuel costs as a result of lower fuel prices; and
- lower repairs and maintenance expense from renegotiation of contracts and significant recent capital investment.

However, 1HY16 EBITDA also included the $21.5 million of one off or unusual items set out above (nil in 1HY15) as well as a $9.0 million benefit from actuarial valuations ($1.8 million loss in 1HY15), offset in part by higher corporate costs associated with the timing of information

12 Interim dividend for the six months ended 31 December 2014 only.

13 Dividend payout ratio is calculated based on underlying NPAT.

14 EBITDA and EBITA margins are calculated based on total revenue net of access charges.

15 Interest cover is EBITDA divided by net financing costs.

technology ("IT") system and development costs ($27.3 million in 1HY16 compared to $15.8 million 1HY15). Adjusting for the impact of these factors results in EBITDA falling in 1HY16 compared to the prior corresponding period.

Underlying EBITA (even including the $21.5 million of one off or unusual items and the benefit from actuarial valuations) was lower for 1HY16 due to an increase in the depreciation and amortisation charge flowing from the significant capital investment program over last few years.

Despite a decline in underlying profit before tax, Asciano reported an increase in underlying NPAT and statutory NPAT as a result of a lower effective tax rate of 20.4% due to settlement of an historical tax matter previously paid ($5.4 million) and recognition of previously unrecognised tax losses ($15.3 million). Material items in 1HY16 represented restructuring costs ($8.6 million) and costs associated with the various acquisition proposals involving Asciano ($5.9 million).

Asciano declared a fully franked interim dividend for 1HY16 of 13 cents per share which was paid on 24 March 2016 to shareholders on the register on 2 March 2016. Asciano shares traded ex-dividend from 29 February 2016.

At 31 December 2015, Asciano had a franking credit account balance of $390 million, approximately $54 million of which was utilised through payment of the interim dividend. Franking credits created by tax payments up to 30 June 2016 are expected to be offset by tax refunds related to amended assessments lodged with the ATO.

Outlook

Asciano has not publicly released earnings forecasts for FY16. To provide an indication of the expected future financial performance of Asciano, Grant Samuel has considered brokers' forecasts for Asciano (refer to Appendix 2):

Asciano – Forecast Financial Performance ($ millions)

	Year end 30 June			
	2015 actual (Section 3.3)	2015 adjusted actual (Section 4.2.2)	2016 broker consensus (Appendix 2)	2016 adjusted broker consensus (Section 4.2.2)
Total revenue (net of access charges)	3,651.7	3,487.0	3,764.0	3,520.8
Underlying EBITDA	1,142.0	1,117.3	1,173.0	1,147.0
Underlying EBITA	819.9	795.2	824.0	795.2
Underlying EBIT	790.2	765.5	794.0	765.2

Source: Grant Samuel analysis

The adjusted broker consensus adjusts the broker consensus forecasts for one off or unusual items included in the 1HY16 actual results (refer to Section 4.2.2 for details).

The current adjusted broker consensus forecasts for Asciano's FY16 earnings are approximately 5-6% lower than the FY16 broker consensus forecasts in August 2015 (following the release of Asciano's FY15 results).

On 24 February 2015, in conjunction with the release of its 1HY16 results, Asciano advised that, assuming there is no material change in the current business environment, it expects to report flat to low single digit underlying EBIT growth in FY16. The key factors expected to impact on earnings over 2HY16[16] include:

[16] 2HY16 is the six months ending 30 June 2016.

- relatively flat volumes in Pacific National and volumes for Patrick T&L and BAPS adversely impacted by Australian economic activity levels and activity levels in the resources and agricultural sectors;
- the full year benefits of business improvement program initiatives (~$82 million) and an ongoing general cost reduction program. Asciano expects FY16 net corporate costs (at the EBIT level) to be approximately $50 million (although this includes a $10 million writeback of the Travel Pass provision);
- a focus on:
  - delivering the full benefits of the Port Botany redevelopment; and
  - integrating the Patrick T&L and BAPS businesses and reducing overhead cost; and
- a material increase in depreciation and amortisation with the depreciation and amortisation charge (including amortisation of customer contracts and relationships) for FY16 expected to be in the range $380-400 million.

There will be a significant increase in material items in FY16. In addition to the material items recognised to date, there will be further transaction costs as well as the $88 million break fee paid to Brookfield Infrastructure on 19 February 2016.

Asciano expects cash capital expenditure in FY16 to be approximately $390 million with major projects for Pacific National (ongoing midlife component change out of the NR class locomotive fleet, rolling stock to service expansion of the Whitehaven contract and upgrades of Melbourne and Adelaide freight terminals) and BAPS (new equipment for C3).

The broker consensus forecast indicates a 0.5% increase in EBIT in FY16 (from actual FY15 EBIT) which is not inconsistent with the guidance provided.

3.3 Recent Business Division Performance

On 27 July 2015, Asciano announced that it intended to integrate its two Patrick divisions, Patrick T&L and BAPS. As a result, for the six months ended 31 December 2015, Patrick T&L and BAPS are reported as a single business division. However, Grant Samuel has shown these business divisions separately for the purposes of this report to enable more straightforward comparison with the First Asciano Report.

Pacific National

The historical financial performance of Pacific National for the year ended 30 June 2015 and the six months ended 31 December 2014, 30 June 2015 and 31 December 2015 is summarised below:

Pacific National – Recent Historical Financial Performance ($ millions)

	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Coal (million NTK[17])	*30,913.0*	*15,218.9*	*15,694.1*	*16,267.0*
Other bulk (million NTK)	*5,165.6*	*2,387.0*	*2,778.5*	*2,367.7*
Total bulk volume (million NTK)	***36,078.6***	***17,605.9***	***18,472.6***	***18,634.7***
Intermodal (million NTK)	*20,943.6*	*11,205.6*	*9,738.0*	*10,224.1*
Total volume (million NTK)	***57,022.2***	***28,811.5***	***28,210.6***	***28,858.8***

[17] NTK is net tonne kilometres.

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Pacific National – Recent Historical Financial Performance ($ millions)				
	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Operating revenue	2,145.2	1,224.8	1,190.4	1,208.3
Other income	15.5	6.5	9.0	6.6
Total revenue	**2,430.7**	**1,231.3**	**1,199.4**	**1,214.9**
Rail access charges[18]	(187.4)	(89.8)	(97.6)	(108.7)
Total revenue (net of rail access charges)	**2,243.3**	**1,141.5**	**1,101.8**	**1,106.2**
Underlying EBITDA	**846.0**	**414.7**	**431.3**	**420.3**
Depreciation and amortisation	(220.7)	(109.5)	(111.2)	(115.3)
Underlying EBITA	**625.3**	**305.2**	**320.1**	**305.0**
Amortisation of customer contracts	(28.3)	(14.1)	(14.2)	(14.1)
Underlying EBIT	**597.0**	**291.1**	**305.9**	**290.9**
Sustaining capital expenditure	188.0	88.7	99.3	76.6
Growth capital expenditure	70.1	12.5	57.6	9.7
Total capital expenditure	**258.1**	**101.2**	**156.9**	**86.3**
Statistics				
Total volume growth	*+2.1%*	*nc*	*nc*	*+0.2%*
Total revenue (net of access charges) growth	*-1.8%*	*nc*	*nc*	*-3.1%*
Underlying EBITDA growth	*+13.4%*	*nc*	*nc*	*+1.4%*
Underlying EBITA growth	*+15.8%*	*nc*	*nc*	*-0.1%*
Underlying EBITDA margin	*37.7%*	*36.3%*	*39.1%*	*38.0%*
Underlying EBITA margin	*27.9%*	*26.7%*	*29.1%*	*27.6%*

Source: Asciano and Grant Samuel analysis

Pacific National reported strong growth in coal volumes (especially in Queensland) in 1HY16 offset by a decline in intermodal volumes (where lower east-west volumes more than offset stronger north-south volumes) with other bulk volumes being relatively flat (as new construction and specialised products contracts were offset by weaker grain volumes). Coal volumes were driven by growth from existing contracts and new contracted volumes offset by the impact of mine closures and renegotiated contracts. Reported revenue also reflected the impact of reduced fuel costs passed through to customers. Adjusting for this impact, Pacific National's revenue fell by 1.5%.

Despite the decline in revenue, a modest increase in underlying EBITDA (+1.4%) was achieved in 1HY16 from business improvement program initiatives ($29.5 million benefit in 1HY16). Underlying EBITA was flat, reflecting an increase in depreciation and amortisation from the significant capital investment program over the last few years (in particular, the acquisition of rolling stock for new coal contracts and the upgrade of operational sites).

1HY16 earnings includes a $4.4 million non-cash benefit from actuarial valuations which, when adjusted for, reduces the increase in underlying EBITDA to 0.3% and results in a 1.5% decline in underlying EBITA.

The majority of capital expenditure for 1HY16 was maintenance capital expenditure, which was primarily the ongoing midlife component change out of the NR class locomotive fleet.

[18] Rail access charges represent the cost of accessing the rail network which is passed directly through to bulk customers (other than Hunter Valley coal customers that pay rail access charges directly). Pacific National does not pass through rail access charges to intermodal customers (which are instead reflected in the prices charged for intermodal freight). The adjustment to revenue in the table above reflects the amount passed directly through to Pacific National bulk customers.

While it has not publicly released forecasts, Asciano has stated that it expects Pacific National to achieve earnings growth in FY16 as a result of business improvement program initiatives and ongoing benefits from the integration of Pacific National's two rail businesses into one division (e.g. implementation of the National Operations Centre).

2HY16 volumes are expected to be impacted by similar trends to 1HY16:

- coal haulage is forecast to continue at high rates of contracted tonnage although New South Wales coal haulage volumes will be impacted by a contracted reduction in the haulage task and the closure of small mines, partially offset by incremental new tonnage secured under current contracts;
- other bulk volumes will be tied primarily to the agriculture, commodity and building material cycles, with grain volumes continuing to be impacted by drought in parts of Victoria; and
- intermodal volumes will reflect activity levels in the Australian economy, in particular Western Australia, where market conditions are forecast to be soft.

To provide an indication of the expected future financial performance of Pacific National, Grant Samuel has considered broker consensus forecasts for Pacific National (refer to Appendix 2):

Pacific National – Forecast Financial Performance ($ millions)

	Year end 30 June			
	2015 actual (Section 3.3)	2015 adjusted actual (Section 4.2.2)	2016 broker consensus (Appendix 2)	2016 adjusted broker consensus (Section 4.2.2)
Total revenue	2,430.7	2,425.8	2,455.0	2,455.0
Total revenue (net of access charges)	2,243.3	2,238.4	2,240.2[19]	2,240.2
Underlying EBITDA	846.0	841.1	875.0	870.6
Underlying EBITA	625.3	620.4	638.2	633.8
Total revenue (net of access charges) growth				*+0.1%*
Underlying EBITDA growth				*+3.5%*
Underlying EBITA growth				*+2.2%*
Underlying EBITDA margin	*37.7%*	*37.6%*	*39.0%*	*38.9%*
Underlying EBITA margin	*27.9%*	*27.7%*	*28.5%*	*28.3%*

Source: Grant Samuel analysis

The current adjusted broker consensus forecasts for Pacific National's FY16 earnings are not materially different (at 1-2% lower) to the broker consensus forecasts in August 2015 (following the release of Asciano's FY15 results).

These forecasts are sufficiently close to Pacific National's FY16 (6+6) forecast to be useful for analytical purposes.

Patrick T&L

Financial Performance

The historical financial performance for Patrick T&L for the year ended 30 June 2015 and the six months ended 31 December 2014, 30 June 2015 and 31 December 2015 is summarised below. In relation to Patrick T&L's financial performance:

[19] Broker consensus total revenue (net of access charges) has been calculated by subtracting FY16 (6+6) forecast access charges from broker consensus total revenue.

- underlying EBITDA and EBITA include the NPAT contribution from Patrick T&L's:
  - 50% investment in the 1-Stop Connections Pty Limited joint venture. This joint venture contributes approximately $1.3 million to Patrick T&L's earnings annually. It has not been shown separately as it is not material in the context of Patrick T&L's overall earnings; and
  - 50% investment in the ACFS joint venture which was effective from 1 August 2015 (with five months of contribution (a loss of $0.5 million) included in Patrick T&L's EBITDA and EBITA for the six months ended 31 December 2015). Prior period performance has not been adjusted for the impact of formation of the joint venture (so that the contribution of Asciano's metropolitan logistics business is included in revenue and earnings for these periods); and
- 1HY16 financial performance excludes the regional road and rail business activities which were transferred from Patrick T&L to BAPS following formation of the ACFS joint venture. Prior period performance has not been adjusted for the impact of this transfer:

Patrick T&L – Recent Historical Financial Performance ($ millions)

	Year ended 30 June 2015 (incl. RRR[20])	Six months ended		
		31 December 2014 (incl. RRR)	30 June 2015 (incl. RRR)	31 December 2015 (excl. RRR)
Container Volumes				
Terminal volumes – Lifts ('000)	*2,069.5*	*1,079.0*	*990.5*	*1,064.9*
Terminal volumes – TEU[21] ('000)	*3,060.9*	*1,596.4*	*1,464.5*	*1,597.1*
Operating revenue	748.9	387.8	361.1	303.8
Other income	0.4	0.3	0.1	9.6
Total revenue	**749.3**	**388.1**	**361.2**	**313.4**
Underlying EBITDA	**213.1**	**112.7**	**100.4**	**115.9**
Depreciation and amortisation	(55.2)	(26.0)	(29.2)	(31.1)
Underlying EBITA	**157.9**	**86.7**	**71.2**	**84.8**
Amortisation of customer contracts	-	-	-	-
Underlying EBIT	**157.9**	**86.7**	**71.2**	**84.8**
Sustaining capital expenditure	22.7	5.1	17.6	6.0
Growth capital expenditure	207.5	133.2	74.3	13.8
Total capital expenditure	**230.2**	**138.3**	**91.9**	**19.8**
Statistics				
Total volume growth (TEU)	*+2.7%*	*nc*	*nc*	*+0.0%*
Total revenue growth	*+0.1%*	*nc*	*nc*	*-19.2%*
Underlying EBITDA growth	*+6.0%*	*nc*	*nc*	*+2.8%*
Underlying EBITA growth	*+5.1%*	*nc*	*nc*	*-2.2%*
Underlying EBITDA margin	*28.4%*	*29.0%*	*27.8%*	*37.0%*
Underlying EBITA margin	*21.1%*	*22.3%*	*19.7%*	*27.1%*

Source: Asciano and Grant Samuel analysis

Patrick T&L volumes (in TEUs) were flat in 1HY16 (compared to the prior corresponding period) with higher volumes at Fisherman Islands and East Swanson Dock offset by lower volumes at Fremantle and Port Botany. The decline in volumes at Fremantle was significant, reflecting soft

[20] RRR is the regional road and rail business.

[21] TEU = twenty foot equivalent units.

economic conditions in Western Australia. Volumes were impacted by the market share of key customers and changes to shipping line consortiums.

The decline in 1HY16 revenue was largely due to the removal of metropolitan logistics revenue from 1 August 2015 (this business contributed $11.9 million of revenue in 1HY16 compared to $69.8 million of revenue in 1HY15) and the transfer of the regional road and rail business to BAPS from 1 July 2015 ($27.8 million of revenue in 1HY15). Removing these impacts, Patrick T&L revenue increased by 3.8%. However, 1HY16 revenue also included an $8.1 million profit on sale of properties and a $1.5 million gain on formation of the ACFS joint venture. Adjusting for these one off items, Patrick T&L's revenue increased by 0.5% in 1HY16. The 0.5% increase in revenue is a combination of a 3% decline in terminals revenue (a result of flat volumes plus the impact of competitive pressure on pricing), offset by port property rent from assets rented to the ACFS joint venture and ACFS joint venture management fee income (new revenue streams in 1HY16).

The increase in reported revenue flowed through to an increase in reported underlying EBITDA (+4.1%), which also benefited from business improvement program initiatives ($10.5 million in 1HY16 across Patrick T&L and BAPS). Reported underlying EBITA was relatively flat, reflecting an increase in depreciation and amortisation from the capital investment at Port Botany. However, adjusting for the transfer of the regional road and rail business, the one off or unusual items outlined above and a $5.0 million land tax refund, underlying EBITDA and EBITA declined by 9.0% and 18.7% respectively. Underlying EBITDA margins (adjusted for the impacts outlined above) also fell from 38.3% in 1HY15 to 34.7% in 1HY16.

Asciano expects Patrick T&L's FY16 EBITDA to reflect:

- growth in container volumes in 2HY16 from Australian economic growth and changes to shipping consortia. In 1HY16, Patrick T&L was successful in rolling over two major shipping line contracts a further two years, resulting in 94% of container terminal volumes extending to late 2017. However, at the same time, price improvements are expected to be constrained by competition; and
- a focus on business improvement program initiatives, including delivering further benefits from the redevelopment of Port Botany and completing the integration of Patrick T&L and BAPS. These benefits will be offset to some extent by the impact of:
  - industrial relations activity in relation to the renegotiation of Patrick T&L's enterprise agreement with the Maritime Union of Australia; and
  - a market rent review at East Swanson Dock in 2016.

FY16 EBITDA will also include the $14.6 million of one off items reported in 1HY16 (refer to Section 4.2.2 for details).

FY16 EBITA will be impacted by higher depreciation charges associated with the automation of Port Botany.

While formation of the ACFS joint venture will result in a decline in the EBITDA contribution from metropolitan logistics in FY16, it is expected to have minimal impact on underlying EBITA.

Patrick T&L has been shortlisted under a tender process to renew its lease at Fremantle (which expires in 2017). However, the Western Australian government has deferred the tender process and is proposing to extend Patrick T&L's lease to 2019.

Asciano has stated that the combined underlying FY16 EBIT (including profit from the sale of properties and other one off items) of Patrick T&L and BAPS is expected to be below that reported in FY15.

To provide an indication of expected future financial performance of Patrick T&L, Grant Samuel has considered broker consensus forecasts for Patrick T&L (refer to Appendix 2):

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Patrick T&L – Forecast Financial Performance ($ millions)				
	Year end 30 June			
	2015 actual (Section 3.3)	2015 adjusted actual[22] (Section 4.2.2)	2016 broker consensus (Appendix 2)	2016 adjusted broker consensus (Section 4.2.2)
Total revenue	749.3	552.8	625.5	604.0
Underlying EBITDA	213.1	209.4	223.0	208.4
Underlying EBITA	157.9	156.5	164.5	149.9
Total revenue growth				*+9.3%*
Underlying EBITDA growth				*-0.5%*
Underlying EBITA growth				*-4.2%*
Underlying EBITDA margin	*28.4%*	*37.9%*	*35.7%*	*34.5%*
Underlying EBITA margin	*21.1%*	*28.3%*	*26.3%*	*24.8%*

Source: Grant Samuel analysis

The current adjusted broker consensus forecasts for Patrick T&L's FY16 earnings are lower than the FY16 broker consensus forecasts in August 2015 (following the release of Asciano's FY15 results), with revenue 19.8% lower, underlying EBITDA 15.6% lower and underlying EBITA 10.8% lower. The lower revenue primarily reflects the impact of the formation of the ACFS joint venture and the transfer of the regional road and rail business to BAPS. However, these changes to Patrick T&L's business have less impact at the EBITDA and EBITA level given the NPAT contribution from the ACFS joint venture is included in earnings and the very low margins generated by the regional road and rail business (~1% in 1HY15).

These forecasts are sufficiently close to Patrick T&L's FY16 (6+6) forecast to be useful for analytical purposes and reflect the impact of current economic conditions on volumes and pricing as well as the ongoing implementation of automation at Port Botany.

BAPS

The following table summarises the historical financial performance of BAPS for the year ended 30 June 2015 and the six months ended 31 December 2014, 30 June 2015 and 31 December 2015. In relation to BAPS' financial performance:

- as BAPS has a number of significant joint ventures that are equity accounted, earnings have been presented before and after the contribution from associates (so that underlying margins can be more accurately assessed); and
- 1HY16 financial performance includes the regional road and rail business activities which were transferred to BAPS from Patrick T&L following formation of the ACFS joint venture. Prior period performance has not been adjusted for the impact of this transfer:

BAPS – Recent Historical Financial Performance ($ millions)				
	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Bulk tonnes stevedored	*11,830.3*	*5,948.6*	*5,881.7*	*5,236.2*
Vehicles processed ('000)	*533.3*	*269.9*	*263.4*	*282.9*
Vehicle storage days ('000)	*15,043.8*	*8,110.4*	*6,933.4*	*7,148.3*
Vehicle movements ('000)	*1,049.9*	*519.8*	*530.1*	*523.7*

[22] FY15 adjusted actual has been adjusted to remove metropolitan logistics and regional road and rail revenue so that its presentation is consistent with the 1HY16 and broker consensus forecast FY16 financial performance. This adjustment was not made in the First Asciano Report. The primary impact is on revenue. Refer to Section 4.2.2 for details).

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BAPS – Recent Historical Financial Performance ($ millions)				
	Year ended 30 June 2015	Six months ended		
		31 December 2014	30 June 2015	31 December 2015
Operating revenue	677.7	344.9	332.8	346.7
Other income	27.7	4.1	23.6	10.3
Total revenue	**705.4**	**349.0**	**356.4**	**357.0**
Underlying EBITDA excluding associates	**99.4**	**37.3**	**62.1**	**39.7**
Depreciation and amortisation	(29.3)	(14.5)	(14.8)	(15.2)
Underlying EBITA excluding associates	**70.1**	**22.8**	**47.3**	**24.5**
Amortisation of customer contracts	(1.4)	(1.0)	(0.4)	(0.9)
Underlying EBIT excluding associates	**68.7**	**21.8**	**46.9**	**23.6**
Share of NPAT from associates	14.5	7.3	7.2	8.3
Underlying EBITDA including associates	**113.9**	**44.6**	**69.3**	**48.0**
Underlying EBITA including associates	**84.6**	**30.1**	**54.5**	**32.8**
Sustaining capital expenditure	15.2	7.2	8.0	15.8
Growth capital expenditure	49.9	13.4	36.5	10.8
Total capital expenditure	**65.1**	**20.6**	**44.5**	**26.6**
Statistics				
Total revenue growth	*-11.1%*	*nc*	*nc*	*+2.3%*
Underlying EBITDA growth (before associates)	*-6.6%*	*nc*	*nc*	*+6.4%*
Underlying EBITA growth (before associates)	*-7.6%*	*nc*	*nc*	*+7.5%*
Underlying EBITDA margin (before associates)	*14.1%*	*10.7%*	*17.4%*	*11.1%*
Underlying EBITA margin (before associates)	*9.9%*	*6.5%*	*13.3%*	*6.9%*

Source: Asciano and Grant Samuel analysis

BAPS' FY15, 2HY15 and 1HY16 financial performance include significant profits on the sale of properties ($19.8 million in FY15 and 2HY15 and $7.0 million in 1HY16) which is included in other income. These profits have a material impact on earnings and margins. The impact of excluding this profit is shown in the table below:

BAPS – Impact of Removing Profit on Sale of Properties ($ millions)					
	Year ended 30 June 2015 (excl. RRR)	Six months ended			
		31 December 2014		30 June 2015 (excl. RRR)	31 December 2015 (incl. RRR)
		excl. RRR	incl. RRR		
Reported total revenue	**705.4**	**349.0**	**376.8**	**356.4**	**357.0**
Profit on sale of properties	(19.8)	-	-	(19.8)	(7.0)
Adjusted total revenue	**685.6**	**349.0**	**376.8**	**336.6**	**350.0**
Reported underlying EBITDA excluding associates	**99.4**	**37.3**	**38.7**	**62.1**	**39.7**
Profit on sale of properties	(19.8)	-	-	(19.8)	(7.0)
Adjusted underlying EBITDA excluding associates	**79.6**	**37.3**	**38.7**	**42.3**	**32.7**
Depreciation and amortisation	(29.3)	(14.5)	(15.6)	(14.8)	(15.2)
Adjusted underlying EBITA excluding associates	**50.3**	**22.8**	**23.1**	**27.5**	**17.5**
Adjusted underlying EBITDA margin	*11.6%*	*10.7%*	*10.3%*	*12.6%*	*9.4%*
Adjusted underlying EBITA margin	*7.3%*	*6.5%*	*6.1%*	*8.2%*	*5.0%*

Source: Asciano and Grant Samuel analysis

The table above shows the deterioration in the adjusted underlying performance of the BAPS business excluding associates in 1HY16 when compared (on a consistent basis) with the prior corresponding period. 1HY16 revenue declined by 7.1% and margins fell by around 100 basis points.

The decline in adjusted total revenue resulted from a decline in project based work from the resources industry (including a material decline in revenue from the Gorgon project in Western Australia) and a number of regional bulk port sites (such as Newcastle and Darwin). Revenue from Autocare was flat (with an increase in cars processed and moved offset by a decline in storage days) and revenue from C3 continued to grow reflecting expansion of business into the Australian market.

The EBITDA margin fell from 10.3% to 9.4% and the EBITA margin from 6.1% to 5.0%, reflecting the fixed cost nature of much of BAPS' business. As a result, adjusted underlying EBITDA and EBITA (excluding associates) fell considerably (by 15.5% and 24.2% respectively), compared to the prior corresponding period.

BAPS reported an increase in the contribution from joint ventures in 1HY16 (including $4.5 million from the AAT joint venture and $2.6 million from the Port of Geelong Unit Trust) which assisted in BAPS reporting an increase in underlying EBITDA and EBITA (including associates) in 1HY16 (before adjusting for profit on the sale of properties).

Asciano expects BAPS' FY16 EBITDA to reflect:

- the wind down of resources related contract activity and the impact of global economic activity on resources, agriculture and timber volumes through regional ports in Australia and New Zealand; and
- lower profit from the sale of properties in FY16 ($7.0 million in 1HY16) compared to FY15 ($19.8 million).

In 2HY16, Asciano will continue to focus on restructuring BAPS' activities to match current market conditions and leveraging areas such as Autocare and forestry services. Autocare is expected to benefit from the commencement of a new contract with Glovis representing Kia and Hyundai (albeit with only a small part year contribution in FY16), its recently extended contract with Honda and additional volumes secured in Western Australia.

Asciano has stated that the combined underlying FY16 EBIT (including profit from the sale of properties and other one off items) of Patrick T&L and BAPS is expected to be below that reported in FY15.

To provide an indication of expected future financial performance of BAPS, Grant Samuel has considered broker consensus forecast for BAPS (refer to Appendix 2):

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BAPS – Forecast Financial Performance ($ millions)				
	Year end 30 June			
	2015 actual (Section 3.3)	2015 adjusted actual[23] (Section 4.2.2)	2016 broker consensus (Appendix 2)	2016 adjusted broker consensus (Section 4.2.2)
Total revenue	705.4	742.1	697.5	690.5
Underlying EBITDA including associates	113.9	97.8	106.0[24]	99.0
Underlying EBITDA excluding associates	99.4	83.3	91.0[25]	84.0
Underlying EBITA including associates	84.6	66.2	73.7	66.7
Underlying EBITA excluding associates	70.1	51.7	58.7[25]	51.7
Total revenue growth				*-6.9%*
Underlying EBITDA growth (excluding associates)				*+0.8%*
Underlying EBITA growth (excluding associates)				*+0.0%*
Underlying EBITDA margin (excluding associates)	*14.1%*	*11.2%*	*13.0%*	*12.2%*
Underlying EBITA margin (excluding associates)	*9.9%*	*7.0%*	*8.4%*	*7.5%*

Source: Grant Samuel analysis

The current adjusted (i.e. excluding profit from the sale of properties) broker consensus forecasts for BAPS' FY16 earnings are lower (with earnings excluding associates 16-21% lower and earnings including associates 13-16% lower) than the broker consensus forecasts in August 2015 (following the release of Asciano's FY15 results).

The forecasts are sufficiently close to BAPS' FY16 (6+6) forecast to be useful for analytical purposes.

[23] FY15 adjusted actual has been adjusted to include regional road and rail revenue so that its presentation is consistent with the 1HY16 and broker consensus forecast FY16 financial performance. This adjustment was not made in the First Asciano Report. The primary impact is on revenue. Refer to Section 4.2.2 for details).

[24] Broker consensus underlying EBITDA including associates for FY16 has been calculated by adding FY16 (6+6) forecast depreciation and amortisation to broker consensus underlying EBITA including associates. Refer to Appendix 2 for details.

[25] Broker consensus underlying EBITDA and EBITA excluding associates have been calculated by subtracting FY16 (6+6) forecast share of NPAT from associates to broker consensus underlying EBITDA and EBITA including associates.

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3.4 December 2015 Financial Position

The financial position of Asciano as at 30 June 2015 and 31 December 2015 is summarised below:

Asciano - Financial Position ($ millions)		
	As at 30 June 2015	**As at 31 December 2015**
Debtors and prepayments	468.3	531.0
Inventories	41.4	40.2
Creditors and accruals	(440.6)	(389.7)
Net working capital	**69.1**	**181.5**
Property, plant and equipment (net)	4,465.3	4,425.8
Goodwill	2,627.8	2,627.8
Other intangible assets (net)	168.4	143.5
Derivative financial instruments (net)	634.5	655.8
Deferred tax assets (net)	70.6	28.1
Investments accounted for using the equity method	30.4	67.8
Loans to joint ventures	56.2	52.4
Assets held for resale (net)	37.6	-
Employee provisions	(211.3)	(210.3)
Other provisions	(114.9)	(104.2)
Defined benefit plan liability	(73.2)	(70.6)
Other assets (net)	26.7	24.9
Total funds employed	**7,787.2**	**7,822.5**
Cash and deposits	127.3	152.0
Bank loans, other loans and finance leases	(3,946.0)	(3,835.5)
Net borrowings	**(3,818.7)**	**(3,683.5)**
Net assets	**3,968.5**	**4,139.0**
Outside equity interests	(18.6)	(7.4)
Equity attributable to Asciano shareholders	**3,949.9**	**4,131.6**
Statistics		
Shares on issue at period end (million)	*975.4*	*975.4*
Net assets per share	*$4.05*	*$4.24*
NTA[26] per share	*$1.20*	*$1.40*
Gearing[27]	*44.5%*	*42.2%*
Net borrowings[28] to EBITDA	*2.8x*	*2.7x*

Source: Asciano and Grant Samuel analysis

The majority of Asciano's funds employed are in property, plant and equipment, reflecting the capital intensive nature of Asciano's business operations. Asciano also has a significant amount of goodwill on its balance sheet as a result of historical acquisitions, in particular the 2006 acquisition of Patrick. Other intangible assets are customer contracts and relationships (also from the acquisition of Patrick), future track access rights, IT development and software and the "Patrick" brand name. The significant goodwill and intangibles balance results in NTA per share of $1.40 as at 31 December 2015 compared to its net assets per share of $4.24.

[26] NTA is net tangible assets, which is calculated as net assets less intangible assets.

[27] Gearing is adjusted net borrowings (adjusted for derivative financial instruments) divided by net assets plus adjusted net borrowings.

[28] Net borrowings is adjusted for derivative financial instruments.

The significant increase in net working capital as at 31 December 2015 is due to a current tax receivable of $43.2 million (versus a current tax liability of $30.7 million as at 30 June 2015). Adjusting for these tax items, net working capital increases by $38.5 million, from $99.8 million as at 30 June 2015 to $138.3 million as at 31 December 2015. This increase in working capital is primarily due to an increase in prepayments and an increase in trade payables that was more than offset by a reduction in other payables and accrued expenses.

Asciano has interests in a number of joint ventures and associates. Its most significant investments are its 50% interest in Port of Geelong Unit Trust, its 50% interest in the AAT joint venture and its 50% interest in the ACFS joint venture. Asciano has shareholder loans of $52.4 million, comprising a $49.0 million loan to the AAT joint venture and a $3.4 million loan to LDC Mountain Industries Pty Ltd (in which Asciano, through Mountain Industries, has a 49% interest). The loan to the AAT joint venture is not interest bearing and has no fixed date for repayment. The increase in investments accounted for using the equity method is primarily due to the inclusion of Asciano's 50% interest in the ACFS joint venture (which was shown as net assets held for resale as at 30 June 2015).

Other provisions include a $31.6 million provision for restructuring[29] and a $5.6 million provision for site restoration costs[30]. Asciano also contributes to a number of defined benefit superannuation plans (although these are closed to new members). As at 31 December 2015, these plans were in a net deficit position of $70.6 million. In 1HY16, Asciano made total contributions to these funds of $6.3 million (comprising normal contributions of approximately $1.2 million and additional contributions of approximately $5.1 million.

The majority of Asciano's borrowings are in foreign currencies (US$ and GBP) and have been hedged using cross currency swaps to eliminate exchange rate risk. The average cost of borrowing at 31 December 2015 was approximately 6.3% (excluding fees and discounts).

Outside equity interests comprise a 20% interest in Autocare which is owned by Nippon Yusen Kabushiki Kaisha ("NYK"). It represents less than 1% of Asciano's net assets and is not material in the context of Asciano's overall financial position. Autocare is discussed in more detail in Section 4.3 of the First Asciano Report.

3.5 Current Capital Structure and Ownership

Capital Structure

As at 15 April 2016, Asciano had the following securities on issue:

- 975,385,664 ordinary shares; and
- 3,339,496 performance share rights over ordinary shares.

Asciano has an Option Plan, a Short Term Incentive Plan and a Long Term Incentive Plan:

- under the Option Plan, options are granted to executives and selected employees at the board's discretion. Options only vest if certain time-based and performance-based vesting conditions are met. There are no options currently outstanding;
- under the Short Term Incentive Plan, certain participating employees receive 25% of their annual short term incentive in the form of rights to shares of Asciano. Each right automatically converts to one ordinary share on vesting at a nil exercise price. Participating employees do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If a participating employee ceases to be employed by

[29] A restructuring provision is recognised when the business has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly.

[30] The site restoration provision is an estimate of the present value of the expenditure required to meet environmental rectification costs in relation to contaminated land at a future date in accordance with the environment policy and applicable legal requirements.

Asciano within the vesting period, the rights are forfeited, except in limited circumstances that are approved by the board on a case-by-case basis. There are currently 476,642 short term incentive rights granted and outstanding; and

- under the Long Term Incentive Plan, executives and selected employees are granted rights that only vest if certain time-based and performance-based vesting conditions are met. These rights vest over a three year period. The rights are equity settled. There are currently 2,862,854 long term incentive rights granted and outstanding.

It is Asciano's practice to acquire shares on market for the purposes of satisfaction of performance rights and these shares are held as treasury shares until they vest (with shares purchased for forfeited rights reallocated to subsequent grants). Asciano's issued ordinary shares include 2,883,737 Asciano shares held on trust by Asciano for the benefit of satisfying equity compensation plans. Shares may also be issued directly to participating employees to satisfy performance rights.

Ownership

Asciano's top 10 shareholders (including the Qube Consortium and the Brookfield Consortium) account for approximately 60% of the ordinary shares on issue.

Other than the Qube Consortium and the Brookfield Consortium, the top 10 registered shareholders are principally institutional nominee or listed investment companies. The majority of Asciano's shareholders are institutions. Excluding the shares held by the Qube Consortium and the Brookfield Consortium, approximately 25% of shares are held by domestic institutions and 25% of shares are held by foreign institutions. The remaining 10% of shares are held by retail investors.

Asciano has received notices from the following substantial shareholders (prior to announcement of the Joint Consortium Proposal):

Asciano – Substantial Shareholders as at 15 April 2016

Shareholder	Number of Shares	Percentage
Nitro Corporation Pty Ltd	188,065,605	19.28%
HSBC Custody Nominees (Australia) Limited	139,705,467	14.32%
Citicorp Nominees Pty Limited	97,484,580	9.99%
JP Morgan Nominees Australia Limited	94,978,467	9.74%
GIP	77,032,604	7.90%
National Nominees Limited	61,966,044	6.35%
Qube	61,301,584	6.28%
CPPIB Australia	51,916,055	5.32%

Source: Asciano

Certain of these substantial shareholders are members of the Joint Consortium or hold Asciano shares on behalf of members of the Joint Consortium. As a result of entering into the framework deed in relation to the Joint Consortium Proposal, each of the Joint Consortium members has a relevant interest in at least 39.3% of Asciano's shares.

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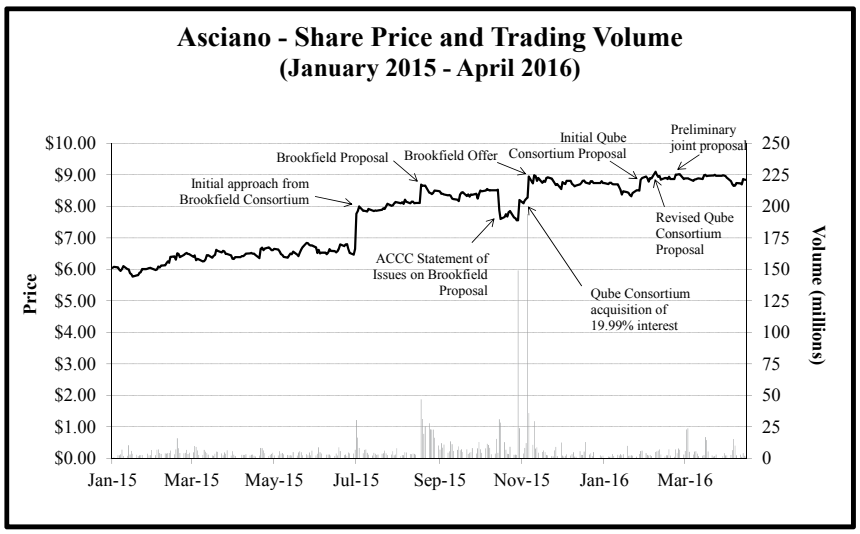
3.6 Recent Share Price Performance

The following graph illustrates the movement in the Asciano share price and trading volumes since 1 January 2015:



Source: IRESS

Asciano shares closed at $6.65 on 30 June 2015, the day prior to the announcement of receipt of the initial approach from Brookfield Infrastructure. Asciano shares closed at $7.77 on 1 July 2015. Since that time, movements in the Asciano share price have reflected the announcement of events associated with the various proposals, including the:

- Brookfield Proposal on 18 August 2015 (closing share price of $8.69);
- ACCC Statement of Issues on the Brookfield Proposal on 15 October 2015 (closing share price of $7.88);
- acquisition by the Qube Consortium of a 19.99% interest in Asciano on 30 October 2015 (closing share price $8.20);
- acquisition by the Brookfield Consortium of a 19.2% interest in Asciano and the Brookfield Offer on 6 November 2015 (closing share price of $8.95);
- initial Qube Consortium Proposal on 28 January 2015 (closing share price of $8.84);
- revised Qube Consortium Proposal on 8 February 2015 (closing share price of $9.10); and
- preliminary joint proposal from the Brookfield Consortium and the Qube Consortium on 23 February 2016 (closing price of $9.01).

Since announcement of the preliminary joint proposal from the Brookfield Consortium and the Qube Consortium on 23 February 2016, Asciano shares have traded in the range $8.65-9.04 and at a volume weighted price of $8.88.

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4 Valuation of Asciano

4.1 Summary

Grant Samuel has valued Asciano in the range $8,192-9,146 million which corresponds to a value of $8.40-9.38 per share before payment of the interim dividend and $8.27-9.25 per share after payment of the interim dividend. The valuation is summarised below:

Asciano - Valuation Summary ($ millions)			
	Section Reference	Value Range	
		Low	High
Pacific National	4.3	8,750.0	9,250.0
Patrick T&L[31]	4.4	2,200.0	2,400.0
BAPS[31]	4.5	850.0	950.0
Corporate costs (net of savings[32])	4.6	(484.0)	(340.0)
Value of business operations		**11,316.0**	**12,260.0**
Other assets and liabilities	4.7	(4.8)	10.2
Enterprise value		**11,311.2**	**12,270.2**
Adjusted net borrowings	4.8	(3,079.6)	(3,079.6)
Non-controlling interest in Autocare	4.9	(40.0)	(45.0)
Value of equity		**8,191.6**	**9,145.6**
Number of issued shares (millions)	3.5	975.4	975.4
Value per share (cum dividend)		**$8.40**	**$9.38**
Interim dividend per share		(0.13)	(0.13)
Value per share (ex dividend)		**$8.27**	**$9.25**

The value per share has been shown on a cum dividend basis and an ex dividend basis to enable comparison with the value range in the First Asciano Report (which was prepared on a cum dividend basis) and the consideration offered under the Scheme of $9.15 (which is on an ex dividend basis).

The valuation represents 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 exceeds the price at which, based on current market conditions, Grant Samuel would expect Asciano shares to trade on the ASX in the absence of a takeover offer.

Grant Samuel has valued Asciano by estimating the value of each of its business divisions, adjusting for the capitalised value of corporate costs, adding/subtracting other non-operating assets/liabilities and subtracting net borrowings.

The valuation of each of the business divisions is considered in more detail in Section 4.3 (Pacific National), Section 4.4 (Patrick T&L) and Section 4.5 (BAPS).

The values attributed to each of Asciano's business divisions represent overall judgements having regard to a number of valuation methodologies and parameters, including capitalisation of earnings or cash flows (multiples of EBITDA and EBITA) and discounted cash flow ("DCF") analysis.

[31] Includes Patrick T&L's and BAPS' interests in joint ventures and associates.

[32] Corporate overhead cost savings (i.e. listed company and other costs) which are available to acquirers of 100% of the business (refer to Section 4.6 for details).

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The overall earnings multiples implied by the valuation of Asciano's operating business are summarised below:

Asciano – Implied Valuation Parameters				
	Section Reference	Variable ($ millions)	Range of Parameters	
			Low	High
Multiple of underlying EBITDA (times)				
Year ended 30 June 2015 (adjusted actual)	4.2.2	1,117.3	10.1	11.0
Year ending 30 June 2016 (adjusted broker consensus)	4.2.2	1,147.0	9.9	10.7
Multiple of underlying EBITA (times)				
Year ended 30 June 2015 (adjusted actual)	4.2.2	795.2	14.2	15.4
Year ending 30 June 2016 (adjusted broker consensus)	4.2.2	795.2	14.2	15.4

The valuation reflects the particular attributes of Asciano's business and takes into account 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 market 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;
- the pricing challenges facing both the rail and port businesses;
- the further upside still to be obtained from the business improvement program (at least $41 million in savings are expected to be achieved in 2HY16) 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 value range of $8.40-9.38 for each Asciano share (before payment of the interim dividend) is $0.02 lower than the value range attributed to each Asciano share in the First Asciano Report:

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Comparison to First Asciano Report Valuation ($ millions)					
	Section Reference	First Asciano Report		Change in Value	
		Low	High	Low	High
Pacific National	4.3	8,750.0	9,250.0	-	-
Patrick T&L	4.4	2,300.0	2,500.0	(100.0)	(100.0)
BAPS	4.5	900.0	1,000.0	(50.0)	(50.0)
Corporate costs (net of savings)	4.6	(484.0)	(340.0)	-	-
Value of business operations		**11,466.0**	**12,410.0**	**(150.0)**	**(150.0)**
Other assets and liabilities	4.7	11.9	31.9	(16.7)	(21.7)
Enterprise value		**11,477.9**	**12,441.9**	**(166.7)**	**(171.7)**
Adjusted net borrowings	4.8	(3,229.4)	(3,229.4)	149.6	149.6
Non-controlling interest in Autocare	4.9	(40.0)	(45.0)	-	-
Value of equity		**8,208.5**	**9,167.5**	**(17.1)**	**(22.1)**
Number of issued shares (millions)		975.4	975.4	975.4	975.4
Value per share (cum dividend)		**$8.42**	**$9.40**	**$(0.02)**	**$(0.02)**

The major changes to the valuation are:

- small reductions in the value attributed to Patrick T&L and BAPS (circa 5%);
- a reduction in the value attributed to corporate properties due to sales in the last six months (the proceeds from which are included in adjusted net borrowings); and
- a decline in adjusted net borrowings from generation of cash from business operations since 30 June 2015 and no final dividend payment in FY15, net of payment of the break fee to Brookfield Infrastructure and the cash payment associated with Travel Pass buyback.

These changes are discussed in more detail below (with the relevant section reference included in the table above).

4.2 Methodology and Approach to Valuation

A detailed discussion of alternative valuation methodologies and the valuation approach adopted for Asciano is set out in Section 6.2 of the First Asciano Report. There has been no change to methodology or approach in this report. Rather, this section focuses on:

- the strategic plan and long term projections prepared by management;
- determination of appropriate discount rates; and
- changes to business division earnings (historical and forecast) for valuation purposes.

4.2.1 Discounted Cash Flow Analysis

Strategic Plan and Long Term Projections

Grant Samuel's valuation of Asciano's business divisions set out in the First Asciano Report included DCF analysis based on the strategic plan and projections for each division prepared by management (the projections covered the period from FY16 to FY25).

While Asciano has updated its forecast for FY16 (the FY16 (6+6) forecast), it has not updated the strategic plan or projections, either at a business division level or a group level.

As a result, while the FY16 (6+6) forecast reflects management's current expectation of the performance of each of the business divisions, the strategic plan and projections have not been adjusted to reflect:

- any change in the underlying forecast performance of the business divisions for 2HY16;
- changes to the composition of each business division (i.e. the transfer of the regional road and rail business from Patrick T&L to BAPS); and
- the impact on expected performance in the years following FY16 of any change in current year performance or changes in the outlook for the business divisions.

The impact on Grant Samuel's DCF analysis differs for each business division depending on its 1HY16 and FY16 (6+6) forecast performance and is discussed in more detail in the relevant section below.

Discount Rates

For the purposes of the First Asciano Report, Grant Samuel adopted the following discount rates:

Asciano - Discount Rates Adopted in First Asciano Report	
Business Division	**Discount Rate**
Pacific National	8.0-9.0%
Patrick T&L	9.0-10.0%
BAPS	9.0-10.0%

These discount rates were based on the following key assumptions and Grant Samuel's view that the selected weighted average cost of capital ("WACC") should incorporate a margin over a WACC range calculated by simply applying the Capital Asset Pricing Model ("CAPM") to current data points to reflect a broader range of evidence on the cost of equity, anecdotal information on the returns equity investors are currently seeking and the current low level of interest rates globally:

Discount Rates – Key Parameters			
	Pacific National	**Patrick T&L**	**BAPS**
Risk free rate	2.8%	2.8%	2.8%
Market risk premium	6.0%	6.0%	6.0%
Beta	0.9-1.0	1.0-1.1	1.0-1.1
Cost of equity	**8.2-8.8%**	**8.8-9.4%**	**8.8-9.4%**
Cost of debt	4.8%	4.8%	4.8%
Debt/Equity mix	15-25%	15-25%	10-20%
WACC	**7.0-8.0%**	**7.4-8.5%**	**7.7-8.8%**

The detailed discussion and calculation of these discount rates is set out in Appendix 1 to the First Asciano Report.

The current risk free rate (as measured by the yield to maturity on ten year Australian Government bonds) is approximately 2.6%. There has been no change in the other key parameters (although the decline in the risk free rate does flow through to the cost of debt). The impact of the lower risk free rate on the calculated WACC's and the discount rates adopted by Grant Samuel (that incorporate a margin over the calculated WACC) is not material.

As a result, Grant Samuel has adopted the same discount rates for each of Asciano's business divisions as it adopted in the First Asciano Report.

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4.2.2 Earnings for Valuation Purposes

Adjusted Actual and Broker Consensus Earnings

Asciano has not provided any specific guidance in relation to earnings for FY16 and the directors have decided not to include any forecasts in the Scheme Booklet. Accordingly, the multiples implied by the valuation of Asciano's business divisions are based on broker consensus forecasts for Asciano's business divisions (refer to Appendix 2 for details).

Certain adjustments have been made to the historical and broker consensus forecast earnings to remove the impact of one-off and unusual items that distort the underlying earnings of Asciano's business divisions and to allow for the internal transfer of businesses between divisions. The adjustments to FY15 earnings are summarised below:

Adjustments to Reported FY15 Earnings for Valuation Purposes ($ millions)

	Pacific National	Patrick T&L	BAPS	Corporate	Asciano
Reported underlying EBITDA	846.0	213.1	113.9	(31.0)	**1,142.0**
Profit on sale of property	(4.9)	-	(19.8)	-	**(24.7)**
Regional road and rail EBITDA	-	(3.7)	3.7	-	**-**
Adjusted underlying EBITDA	**841.1**	**209.4**	**97.8**	**(31.0)**	**1,117.3**
Depreciation and amortisation[33]	(220.7)	(55.2)	(29.3)	(16.9)	**(322.1)**
Regional road and rail D&A	-	2.3	(2.3)	-	**-**
Adjusted underlying EBITA	**620.4**	**156.5**	**66.2**	**(47.9)**	**795.2**

Source: Asciano and Grant Samuel analysis

The FY15 adjusted underlying EBITDA and EBITA for Patrick T&L and BAPS are slightly different to the earnings shown in the First Asciano Report. The change reflects the transfer of the regional road and rail business from Patrick T&L to BAPS (with Patrick T&L adjusted underlying earnings being lower and BAPS adjusted underlying earnings being correspondingly higher). The impact is not material given the low margins generated by the regional road and rail business.

The adjustments to 1HY16 earnings are summarised below:

Adjustments to Reported 1HY16 Earnings for Valuation Purposes ($ millions)

	Pacific National	Patrick T&L	BAPS	Corporate	Asciano
Reported underlying EBITDA	420.3	115.9	48.0	(15.8)	**568.4**
Profit on sale of property	-	(8.1)	(7.0)	-	**(15.1)**
Gain on ACFS transaction	-	(1.5)	-	-	**(1.5)**
Actuarial valuations	(4.4)	-	-	-	**(4.4)**
Land tax refund	-	(5.0)	-	-	**(5.0)**
Adjusted underlying EBITDA	**415.9**	**101.3**	**41.0**	**(15.8)**	**542.4**
Depreciation and amortisation	(115.3)	(31.1)	(15.2)	(11.5)	**(173.1)**
Adjusted underlying EBITA	**300.6**	**70.2**	**25.8**	**(27.3)**	**369.3**

Source: Asciano and Grant Samuel analysis

These adjustments for 1HY16 have been flowed through to the broker consensus forecasts for FY16:

[33] Excluding amortisation of customer contracts and relationships.

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Adjustments to Broker Consensus FY16 Earnings for Valuation Purposes ($ millions)					
	Pacific National	Patrick T&L	BAPS	Corporate	Asciano
Broker consensus forecast EBITDA	875.0	223.0	106.0	(31.0)	**1,173.0**
Profit on sale of property	-	(8.1)	(7.0)	-	**(15.1)**
Gain on ACFS transaction	-	(1.5)	-	-	**(1.5)**
Actuarial valuations	(4.4)	-	-	-	**(4.4)**
Land tax refund	-	(5.0)	-	-	**(5.0)**
Adjusted underlying EBITDA	**870.6**	**208.4**	**99.0**	**(31.0)**	**1,147.0**
Depreciation and amortisation	(236.8)	(58.5)	(32.3)	(24.2)	**(351.8)**
Adjusted underlying EBITA	**633.8**	**149.9**	**66.7**	**(55.2)**	**795.2**

Source: Brokers reports, Asciano and Grant Samuel analysis

Treatment of Income from Associates

In addition, the contribution from associates and joint ventures in Patrick T&L and BAPS has been included in the earnings used to calculate the implied multiples and has also been included in the cash flows for the DCF analysis:

Contribution from Associates and Joint Ventures Included in Earnings ($ millions)					
	NPAT from Associates	Adjusted Underlying EBITDA		Adjusted Underlying EBITA	
		excluding associates	including associates	excluding associates	including associates
Year ended 30 June 2015 (adjusted actual)					
Pacific National	-	841.1	841.1	620.4	620.4
Patrick T&L	1.3	208.1	209.4	155.2	156.5
BAPS	14.5	83.3	97.8	51.7	66.2
Corporate	-	(31.0)	(31.0)	(47.9)	(47.9)
Asciano	**15.8**	**1,101.5**	**1,117.3**	**779.4**	**795.2**
Year ending 30 June 2016 (adjusted broker consensus)					
Pacific National	-	870.6	870.6	633.8	633.8
Patrick T&L	0.8	207.6	208.4	149.1	149.9
BAPS	15.0	84.0	99.0	51.7	66.7
Corporate	-	(31.0)	(31.0)	(55.2)	(55.2)
Asciano	**15.8**	**1,131.2**	**1,147.0**	**779.4**	**795.2**

Source: Asciano and Grant Samuel analysis

While technically, it is the proportionate interest in EBITDA, EBITA, cash flow and net debt from associates and joint ventures that should be included in the earnings and DCF analysis (rather than the NPAT), this information was not readily available from Asciano. In any event:

- the impact is not material for Patrick T&L (with the contribution from associates representing less than 1% of EBITDA and EBITA). It should also be noted that for FY15, Patrick T&L includes the EBITDA and EBITA of the metropolitan logistics business and not 50% of NPAT from the ACFS joint venture; and

- in the case of BAPS, where the contribution is more significant (15% of EBITDA and 20% of EBITA) the major joint venture is Port of Geelong Unit Trust, which does not pay tax so there is less distortion. In addition, for consistency, because an "after interest" contribution is included in the earnings and cash flows, Grant Samuel has not included Asciano's share of associates' net borrowings in the valuation.

The approach is consistent with that adopted by the majority of brokers. Where contribution from associates has been shown separately by brokers, Grant Samuel has added this contribution to the forecast EBITDA and EBITA.

4.3 Value of Pacific National

4.3.1 Summary and Comparison to Previous Valuation

Grant Samuel estimates the value of Pacific National to be in the range $8,750-9,250 million.

There has been no change to the value range that Grant Samuel has attributed to Pacific National compared to the First Asciano Report. This reflects Pacific National's 1HY16 performance, which was only slightly below budget (within 2%) and the confidence Pacific National management has in meeting its FY16 (6+6) forecast as well as the outlook for the division (including the full year FY16 forecast) not being materially different (on an overall basis) to the outlook at the time that the strategic plan and the projections were prepared in mid-2015.

4.3.2 Discounted Cash Flow Analysis

DCF Assumptions

For the purpose of the First Asciano Report, Grant Samuel developed a DCF model for Pacific National based on the strategic plan and projections for Pacific National prepared by management.

Based on discussions with Pacific National management, in Grant Samuel's view it is appropriate to continue to use the strategic plan and projections as the basis for its current valuation of Pacific National as:

- Pacific National is expected to meet its FY16 (6+6) forecast, which is not materially different to the FY16 budget prepared at the start of FY16 (albeit the components of the forecast are different in terms of the contribution from coal, other bulk and intermodal); and
- the current outlook for Pacific National is similar to the outlook that existed at the time that the strategic plan and the projections were prepared in mid-2015 (i.e. a relatively subdued outlook for the global and domestic economies in the short term which has an impact on volumes and prices, offset in part by a significant proportion of revenue coming from long term, take-or-pay coal haulage contracts).

Based on discussions with Pacific National management, Grant Samuel has made changes to the strategic plan and projections to reflect the impact of the FY16 (6+6) forecast on future volumes/volume growth and updated assumptions about capital expenditure requirements.

The key parameters of the DCF model include:

- no new coal contracts (other than those already executed) and current coal contracts roll over on similar pricing structures, volumes and terms and conditions to current contracts except for known step down of customer contracts and known mine closures;
- other bulk volumes achieve modest increases in volume, primarily due to improved grain volumes (off a low base in the FY16 (6+6) forecast driven by a very poor Victorian harvest). Steel volumes are estimated to be relatively flat and declines in

automotive volumes are expected to be offset by growth in containerised freight. Prices are forecast to increase at slightly less than inflation on average;

- access charges passed through to customers are assumed to be a constant percentage of the relevant gross revenue;
- intermodal market share is assumed to be stable but with no growth from a cyclical upturn until FY18-FY19 after which growth in volumes is assumed to be in line with real GDP growth. Average price increases of 2% per year have been assumed;
- variable costs (i.e. headcount, fuel, access and maintenance) are based on NTKs in each period of the model;
- current enterprise agreements are applied resulting in annual increases for enterprise agreement labour of 2.5-4.0% (and continue at 4% per annum for the period of the model);
- other costs increase at inflation (of 2.5% per year) over the period of the model;
- 2HY16 assumes $21.5 million of business improvement program cost savings, primarily benefits from the National Operations Centre, which are assumed to result in more efficient asset and resource utilisation, reflected in higher EBITDA margins;
- capital expenditure (sustaining and growth) is 10-20% below depreciation and amortisation (excluding amortisation of customer contracts and relationships) for FY17 and FY18 and is 100% of depreciation and amortisation (excluding amortisation of customer contracts and relationships) on average over the remaining period of the model; and
- after an initial increase in working capital in 2HY16 (due to working capital being at a very low level as at 31 December 2015), movement in working capital is assumed to be a constant percentage of revenue (net of access charges).

The DCF model for Pacific National forecasts nominal after tax cash flows from 1 January 2016 to 30 June 2025, a period of 9½ years, with a terminal value calculated to represent the value of cash flows in perpetuity. A corporate tax rate of 30% has been assumed. Discount rates in the range 8-9% have been used (refer to Section 4.2.1).

DCF Scenarios and NPV Outcomes

Grant Samuel has considered a number of scenarios that analyse the impact of possible variations in the key parameters of volumes, pricing and capital expenditure. The DCF assumptions set out above are reflected in Scenario A.

Each scenario assumes as a starting point that the 2HY16 forecast (sourced from the FY16 (6+6) forecast) is achieved. Longer term assumptions have been made by Grant Samuel with reference to Asciano's strategic plan following discussion with Asciano management. A description of each scenario is outlined in the table below:

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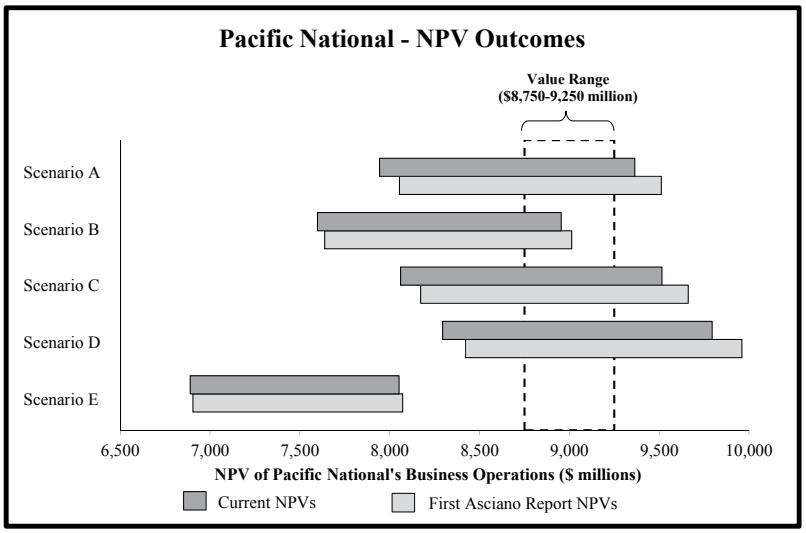
Pacific National - DCF Scenarios	
Scenario	**Description**
Scenario A	No new coal contracts and current contracts roll over on similar terms except for known step-down of customer contracts and known mine closures, other bulk volumes achieve very modest increases in volume (primarily due to improved grain volumes) and price (less than inflation on average) and intermodal market share remains stable with movement in volumes in line with real GDP growth and slightly less than inflation increases in price.
Scenario B	Scenario A except that a major coal customer is lost from FY17.
Scenario C	Scenario A except that a new major coal contract is awarded in FY21 (including the associated capital expenditure).
Scenario D	Scenario A except that there is higher growth in intermodal volumes from FY21 (with no requirement for additional capital expenditure).
Scenario E	Scenario A except that there is no growth in prices from FY21 onwards.

Grant Samuel's selected value range of $8,750-9,250 million for Pacific National's business operations reflects a subjective balancing of the scenarios. The NPV outcomes (and the comparison to the NPV outcomes for Pacific National scenarios in the First Asciano Report) are depicted diagrammatically below:



Each of the scenarios produces an NPV outcome that is slightly below the NPV outcomes for the Pacific National scenarios in the First Asciano Report. The decline in the NPV outcomes primarily reflects the impact of lower intermodal volumes over FY17 to FY20 compared to the assumptions in the strategic plan and the projections. While intermodal volumes are assumed to benefit from a cyclical increase over this period, volumes in FY17 and FY18 are significantly lower. The reduction in intermodal volumes is offset in part by higher Queensland coal volumes and lower capital expenditure assumptions.

The current NPV outcomes are generally in the range $20-150 million lower than the NPV outcomes for each scenario in the First Asciano Report. In Grant Samuel's view, this change in the NPV outcomes does not warrant any reduction in the value range attributed to Pacific National of $8,750-9,250 million. The implied multiples have not changed materially (refer to Section 4.3.3) and the value range of $8,750-9,250 million continues to cover the majority of the values produced by the DCF analysis, straddling the values produced by Scenarios A, C, and D and incorporating the top end of the values produced by

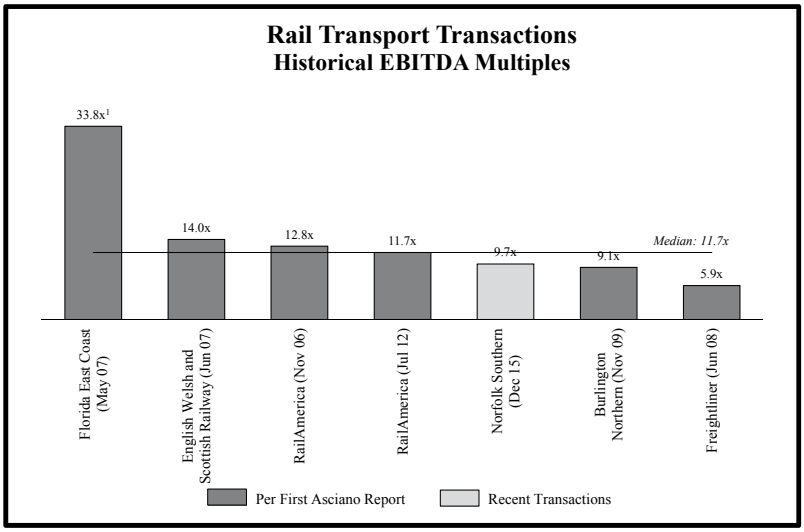
Scenario B. Scenario E remains outside the value range. This outcome is considered appropriate taking into account:

- Scenario A reflects a relatively conservative view of future global and domestic economic growth and demand for export coal which is appropriate given current subdued economic conditions, although in Grant Samuel's view, there is the potential for upside from Scenario A (reflected in Scenarios C and D);
- Scenario B (loss of a major coal contract in FY17) is a plausible scenario. However, given the long term, take-or-pay nature of Pacific National's coal contracts and its relatively low counterparty risk (most of Pacific National's customers are large, well established Australian or multinational mining companies), Grant Samuel considers this scenario to be less likely than the potential to win a new contract as economic conditions improve in the medium term. This view is reflected in the value range selected for Pacific National incorporating the top end of Scenario B but straddling the Scenario C range of values; and
- an inability to achieve any price increases across coal, other bulk and intermodal from FY21 (Scenario E) is an extreme scenario as it does not reflect the contractual escalation in prices that is built into coal haulage contracts and does not make any allowance for mitigating actions that Pacific National would take if it became apparent that this type of scenario may eventuate. While it is possible that there may be periods of flat pricing in the future (e.g. reduced demand for rail services, increasing competitiveness of alternative forms of transport), in Grant Samuel's opinion, it is unlikely that Pacific National would continue to operate indefinitely in such an environment without responding.

4.3.3 Earnings Multiple Analysis

Transaction Evidence

Appendix 1 contains an analysis of the earnings multiples implied by acquisitions of rail transport businesses globally over the last seven years. The following charts summarise the historical and forecast EBITDA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)

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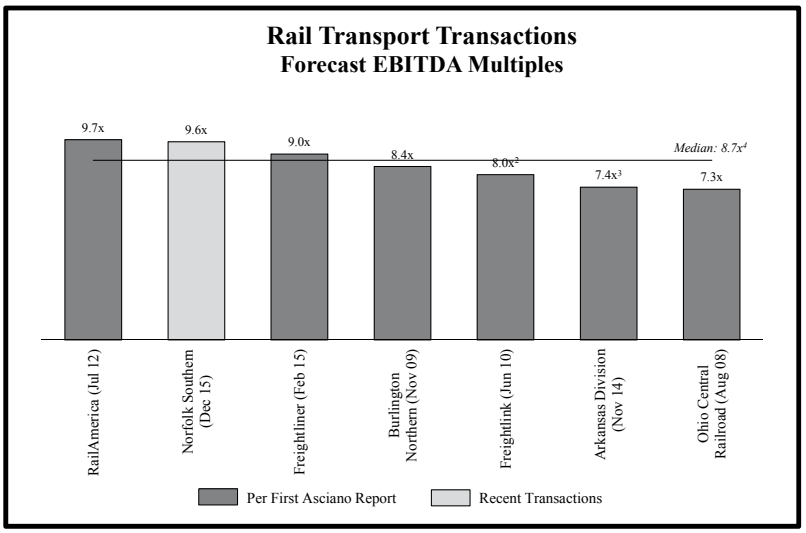
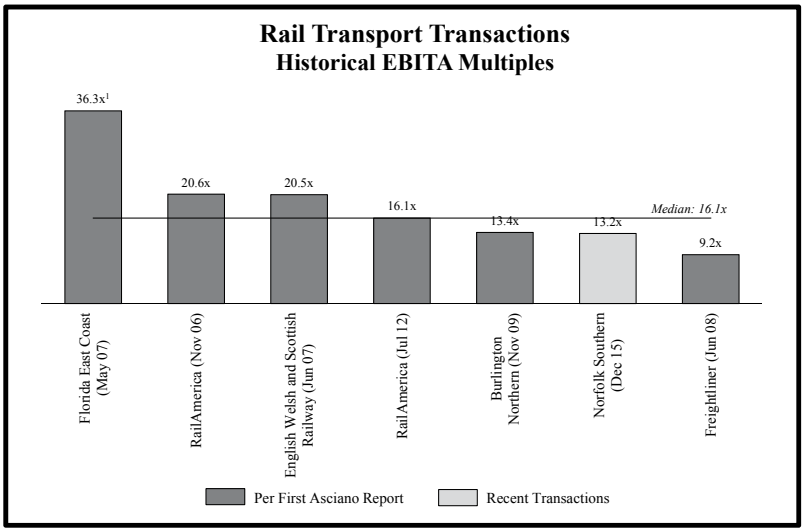


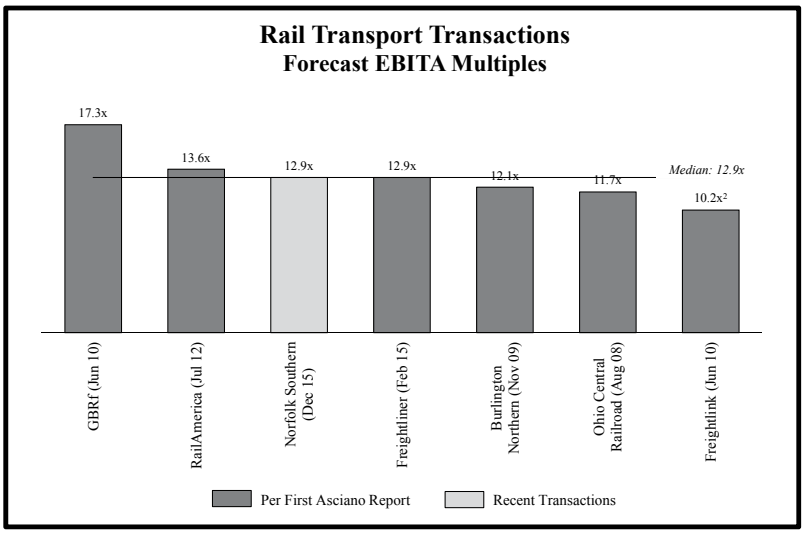
Source: Grant Samuel analysis (refer to Appendix 1)

Note:
1. Relatively high multiples reflect a blended multiple for Florida East Coast's commercial real estate operations (approximately 42% of revenue) and its regional rail freight operations (approximately 58% of revenue).
2. Relatively low multiples reflect fact that Freightlink was in receivership at the time it was acquired.
3. Implied multiples include net cost savings. The implied EBITDA multiple excluding these cost savings would be higher.
4. Median excludes the Arkansas Division of Pinsly Railroad Company.

The following charts summarise the historical and forecast EBITA multiples:



Source: Grant Samuel analysis (refer to Appendix 1 and notes below forecast EBITDA multiples chart)



Source: Grant Samuel analysis (refer to Appendix 1 and notes below forecast EBITDA multiples chart)

There was one additional announced transaction in the rail transport sector subsequent to the First Asciano Report, the proposed acquisition of Norfolk Southern Corporation ("Norfolk Southern") by Canadian Pacific Railway Limited ("Canadian Pacific") announced in December 2015. The multiples implied by Canadian Pacific's offer for Norfolk Southern are included in the charts above and are consistent with the multiples implied by other similar transactions (albeit it would be expected that significant synergies would be achieved from combining Canadian Pacific and Norfolk Southern). The proposed acquisition was unanimously rejected by the board of Norfolk Southern on the basis that the offer price was inadequate and that the proposed structure of the acquisition (involving shares in a new company that would own Canadian Pacific and Norfolk Southern and a contingent value right) created substantial regulatory risks. After several months, Canadian Pacific eventually terminated discussions with Norfolk Southern on 11 April 2016.

The analysis indicates median multiples of 8.7 times forecast EBITDA and 12.9 times forecast EBITA. The median historical multiples are higher at around 12 times historical EBITDA and 16 times historical EBITA.

However, these median multiples do not necessarily reflect "benchmark" multiples:

- the transactions have taken place at a wide range of multiples, reflecting the individual circumstances of each transaction including the nature of activities (in particular the mix of business – general freight, commodities etc), market position and operating performance as well as, in some cases, the expectation that significant synergies would be achieved;

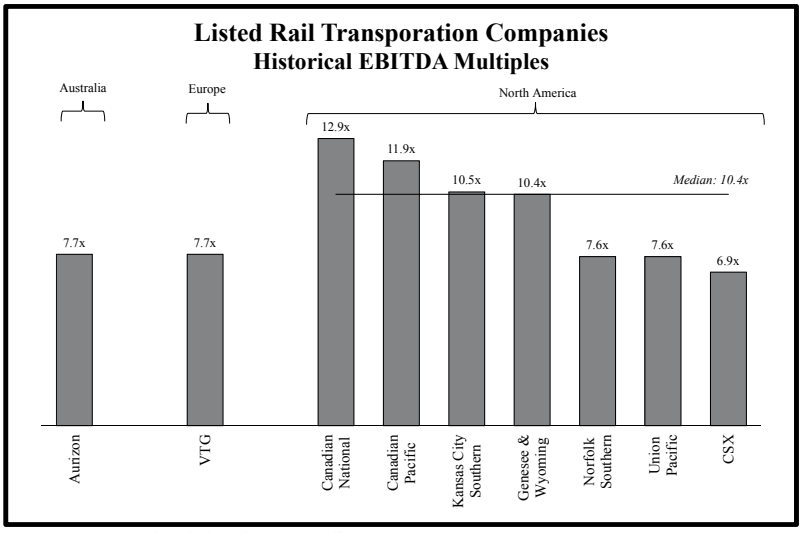
- the historical multiples show considerably more variation in range than the forecast multiples. Given this variation (and the fact that historical multiples reflect past performance), more weight should be placed on the forecast multiples;

- EBITDA multiples in particular need to be interpreted with caution as there can be substantial differences between companies in terms of capital intensity. This is particularly the case for the North American transactions, which generally involve the acquisition of above rail and below rail operations. Below rail operations are extremely capital intensive. In this respect, EBITA multiples may be a better metric to consider; and

- the market evidence indicates that larger transactions generally take place at higher multiples than smaller transactions[34]. The larger transactions such as the December 2015 proposed acquisition of Norfolk Southern, the February 2015 acquisition of Freightliner and the July 2012 acquisition of RailAmerica occurred at forecast EBITDA multiples of around 9-10 times and forecast EBITA multiples of 13-13.5 times.

Sharemarket Evidence

Appendix 1 contains an analysis of the earnings multiples implied by the share prices as at 31 March 2016[35] for a selection of primarily North American "Class 1" peers. The following charts summarise the historical and forecast trading EBITDA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)

[34] The exception to this proposition is the November 2009 acquisition of the remaining 77.4% interest in Burlington Northern Santa Fe Corporation ("Burlington Northern") by Berkshire Hathaway, Inc ("Berkshire Hathaway") at an implied 100% enterprise value of US$43.6 billion, which took place at relatively low multiples (given its size) of 8.5-9.0 times EBITDA and 12-13.5 times EBITA. However, there are a number of reasons why a higher price may not have been paid, including:

- Berkshire Hathaway's existing 22.6% interest in Burlington Northern limiting the likelihood of a successful alternative offer;
- the acquisition being leveraged to an improving United States economy. At the end of 2009, the United States was just starting to emerge from the economic downturn caused by the global financial crisis and the timing and strength of any recovery was uncertain. Rail companies had been hit hard by the global financial crisis and this was reflected in their share prices at the time (the offer was a 31% premium to Burlington Northern's closing share price prior to the announcement of the offer);
- the offer price being a mixture of cash and scrip which meant that Burlington Northern shareholders could retain exposure to any upside in the rail business; and
- Berkshire Hathaway having no existing rail interests so there were no synergies from the transaction.

[35] The trading multiples for Norfolk Southern have been calculated based on its share price as at 31 March 2016 rather than its share price prior to Canadian Pacific's proposed acquisition announcement in December 2015 as the share price has not moved materially over this period (i.e. it has not been impacted by announcement of the proposed acquisition).

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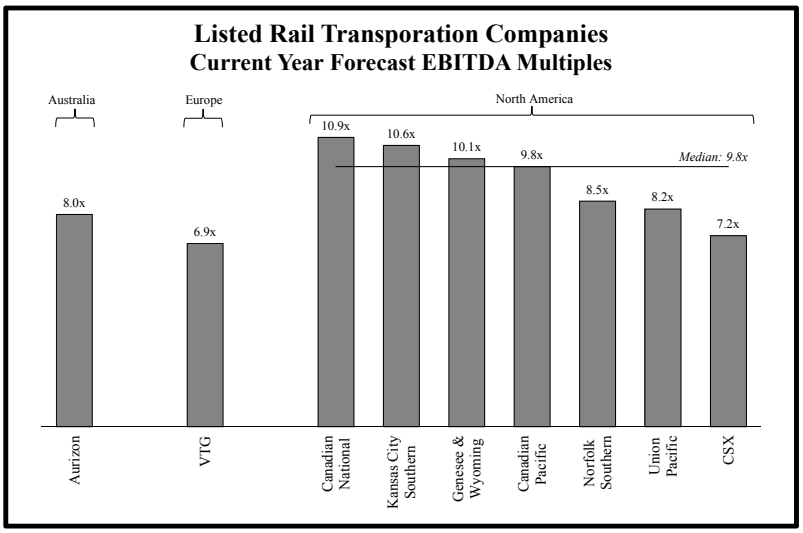
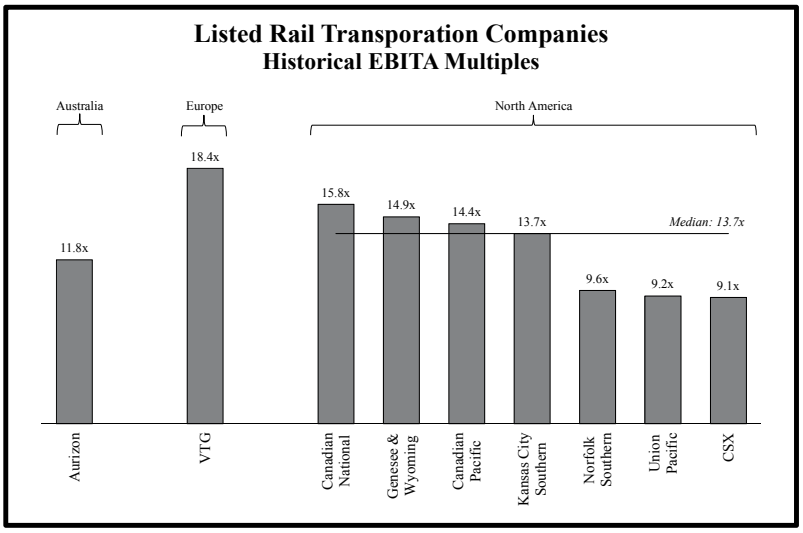
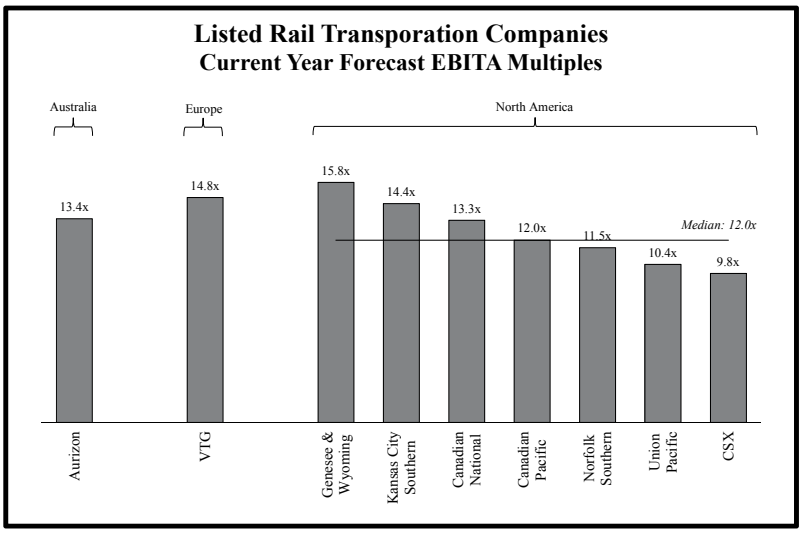


Source: Grant Samuel analysis (refer to Appendix 1)

The following charts summarise the historical and forecast trading EBITA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)



Source: Grant Samuel analysis (refer to Appendix 1)

The following factors are relevant to consideration of the comparable company multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;
- the trading multiples as at 31 March 2016 are generally lower than the trading multiples as at 31 August 2015 (with the forecast multiples up to 10% lower). The decline in the forecast multiples reflects a combination of:
  - movements in equity markets over the period from 31 August 2015 to 31 March 2016. Over this period, the ASX 200 index has fallen by 2.4% and the S&P 500 index has increased by 4.4%; and
  - the forecast multiples for the international companies being updated to reflect the year ending 31 December 2016 (rather than the year ending 31 December 2015 as was the case in the First Asciano Report). It would be expected that these forecast multiples would be lower than those that were shown in the First Asciano Report.

  In contrast, the forecast multiples for Aurizon are still for the year ending 30 June 2016 (the same as the forecast multiples in the First Asciano Report). While the forecast EBITDA multiple for Aurizon has fallen marginally from 8.4 times to 8.0 times, the forecast EBITA multiple has increased from 12.8 times to 13.4 times, reflecting higher depreciation and amortisation charges now being forecast;
- Aurizon is the most comparable company to Pacific National. It is Pacific National's major competitor, particularly in bulk haulage (and especially the bulk haulage of coal). Aurizon is trading at historical multiples of 7.7 times EBITDA and 11.8 times EBITA and forecast multiples of 8.0 times EBITDA and 13.4 times EBITA. However:
  - there are still considerable transformational improvements expected to be achieved at Aurizon (following its sale by the Queensland government via an

initial public offer in late 2010). Aurizon reported an operating ratio[36] of 74.3% in FY15 and is targeting a 70% operating ratio by FY18;

- Aurizon has both above rail and below rail activities (the below rail activity is ownership of the Queensland Central Coal Network). Below rail activities have greater capital intensity than above rail activities and would be expected to constrain Aurizon's trading multiples given the regulated nature of the below rail operations. However, these regulated returns have also provided underlying growth in earnings when above rail volumes have been flat (e.g. in FY15); and
- Aurizon's high yield (FY15 dividend payout ratio of 85%, albeit not fully franked) together with its ongoing share buyback are likely to be helping to support its share price;

- VTG primarily operates in Europe, although its logistics division operates globally. VTG has a relatively low forecast EBITDA multiple of 6.9 times although its forecast EBITA multiple is above those of most of its peers at 14.8 times, reflecting the capital intensity of its business;

- the North American comparable companies are owners of both above and below rail operations. Companies with below rail operations typically trade on lower EBITDA multiples than pure above rail operators due to the larger capital expenditure required to support track networks. In addition, these companies have other differentiating characteristics (compared to Pacific National) that would impact their trading multiples:
  - all (other than Genesee & Wyoming, which has a different business model) are significantly larger;
  - they are typically diversified across commodity and freight types (rather than being predominantly exposed to coal);
  - the average route length is longer, leading to higher asset utilisation, labour productivity and cost efficiencies; and
  - access to infrastructure is not regulated but is largely determined by private agreements with end users; and

- the North American peers fall into two distinct clusters:
  - Canadian National, Canadian Pacific, Kansas City Southern and Genesee & Wyoming which are trading on higher multiples of 10-11 times forecast EBITDA and 12-16 times forecast EBITA. Reasons for these high multiples may include:
    - Canadian National operates at "best in class" margins (an operating ratio of just over 60%), network reach and service levels and has a balanced volume mix;
    - Canadian Pacific underwent a significant restructuring over 2013-2014. Better service levels and a lower cost structure have resulted in improved operating performance in 2015 and the company is well positioned to benefit from growth as the Canadian and United States economies recover;
    - Canadian National and Canadian Pacific also have exposure to Canada and United States cross border trade;
    - Kansas City Southern has exposure to increasing cross border trade between the United States and Mexico as well as intermodal competition

[36] Operating ratio is 1 – EBIT margin. The operating ratio is calculated using underlying revenue, which excludes interest income and significant items.

within Mexico, enabling it to benefit from Mexico's economic growth and growing manufacturing sector, particularly for automobiles; and

- Genesee & Wyoming is a lower margin business (EBITDA margin of 35% and EBITA margin of 25.4%) but has a different operating model. It is geographically diversified with operations in the United States, Canada, the United Kingdom and Australia and is the only publicly traded company with a portfolio of short line railroads. Genesee & Wyoming is also a highly acquisitive company, with a strong track record of success; and

- Union Pacific, CSX and Norfolk Southern, which are trading on lower multiples of 9-9.5 times forecast EBITDA and 10-11.5 times forecast EBITA:
  - have greater exposure to the subdued coal market (~20% of revenue compared to 10% or less for the higher rated peers);
  - CSX and Norfolk Southern are lower margin businesses with EBITDA margins of 38-39% and EBITA margins of 29-31% (compared to EBITDA margins of 43-47% and EBITA margins of 34-38% for Canadian National, Canadian Pacific and Kansas City Southern); and
  - Union Pacific has high margins (an EBITDA margin of 44% and an EBITA margin of 36%) and exposure to cross border trade with Mexico but given its size and market share, it arguably has limited growth potential. In addition to its ~20% exposure to coal, it also has significant exposure to shale oil and the decline in demand from these two commodities (after a period of strong growth) has resulted in Union Pacific having excess labour and equipment.

  The forecast multiples for Union Pacific, CSX and Norfolk Southern are also higher than the historical multiples, reflecting the low growth outlook for these businesses.

Implied Multiples for Pacific National

Based on the adjusted actual earnings and the adjusted broker consensus forecasts set out in Section 4.2.2, Grant Samuel's value range of $8,750-9,250 million implies the following multiples:

Pacific National – Implied Valuation Parameters

	Variable ($ millions)	Range of Parameters	
		Low	High
Value range ($ millions)		**8,750.0**	**9,250.0**
Multiple of underlying EBITDA (times)			
Year ended 30 June 2015 (adjusted actual)	841.1	10.4	11.0
Year ending 30 June 2016 (adjusted broker consensus)	870.6	10.1	10.6
Multiple of underlying EBITA (times)			
Year ended 30 June 2015 (adjusted actual)	620.4	14.1	14.9
Year ending 30 June 2016 (adjusted broker consensus)	633.8	13.8	14.6

The multiples implied by the valuation of Pacific National are not materially different to the implied multiples set out in the First Asciano Report. The forecast EBITDA multiples are only 0.1 higher and the forecast EBITA multiples are 0.3 higher, reflecting the slight decline in adjusted broker consensus EBITDA and EBITA compared to the First Asciano Report.

The multiples implied by the valuation of Pacific National are generally higher than most transactions for which there is available evidence. There are no comparable transactions of a similar size to Pacific National. The vast majority of comparable transactions are considerably smaller than Pacific National, with the only large transactions, the acquisition of Burlington Northern and the proposed acquisition of Norfolk Southern, significantly larger than Pacific National. However, the market evidence does indicate that:

- larger transactions generally take place at higher multiples, the exception to this being Burlington Northern, where the implied multiples reflected specific circumstances at the time of the acquisition (refer to footnote 34); and
- for transactions that have been smaller in size than Pacific National, the evidence indicates multiples of 9-10 times forecast EBITDA and 13-13.5 time forecast EBITA.

In contrast, the implied multiples for Pacific National are lower than some of the comparable trading multiples, particularly the highly rated North American Class 1 rail operators. In Grant Samuel's view, the most relevant comparable companies are:

- Aurizon, despite its greater capital intensity from ownership of below rail assets and its greater upside from continued transformational improvements. Aurizon is trading at a forecast EBITDA multiple of 8.0 times and a forecast EBITA multiple of 13.4 times (not including a premium for control); and
- the lower rated North American Class 1 rail operations, which have some similarities to Pacific National's business in terms of:
  - exposure to coal markets, although the "Class 1" rail operators have significantly greater diversification across commodity and freight types with only around 20% of revenue from coal whereas almost 50% of Pacific National's revenue comes from coal haulage; and
  - comparable margins (38-39% EBITDA margins and 29-31% EBITA margins compared to Pacific National's 38% EBITDA margin and 28% EBITA margin).

  These Class 1 rail operators are trading at forecast EBITDA multiples in the range 7.2-8.5 times and forecast EBITA multiples in the range 9.8-11.5 times. These forecast multiples do not include a premium for control. However:
  - the forecast multiples are for the year ending 31 December 2016 (compared to Pacific National's forecast multiples which are for the year ending 30 June 2016). Shifting the comparable trading multiples to a 30 June year end would usually result in higher trading multiples although in this case the impact is slightly lower multiples (in the region of 7-8 times forecast EBITDA and 9.5-10.5 times forecast EBITA) as the forecast multiples are higher than the historical multiples; and
  - in considering these multiples, Pacific National's significantly smaller size would need to be taken into account.

Pacific National has a number of characteristics that would justify higher multiples, including its network of strategic assets, leading market position, established customer relationships, the significant proportion of its revenue generated under either long term or secure take-or-pay contracts and high barriers to entry.

On the other hand, there are a number of factors that would constrain the appropriate multiples for Pacific National, including its significant exposure to international commodities markets (primarily coal), exposure to variations in grain volumes, expectations for subdued economic activity in Australia in the short term, customer concentration (less than 20 customers represent 80% of revenue) and the risk of competition from other forms of transport (in particular road transport). Pacific National

also has limited opportunities for significant growth given its high market share and the lack of synergies with offshore opportunities.

These characteristics and factors are set out in more detail in Section 6.3.3 of the First Asciano Report.

More recent events that may have an impact on the appropriate multiples for Pacific National have been:

- the increasing difficulties being faced by some multinational coal companies in light of the sustained downturn in the coal market, such as Peabody Energy Corporation ("Peabody Energy"), which operates a number of coal mines in Queensland and New South Wales. Peabody Energy filed for United States bankruptcy protection on 13 April 2016. While this is unsettling, Peabody Energy is a customer of Aurizon (not Pacific National) and, in any event, any restructuring of Peabody Energy in the United States would be unlikely to impact its Australian operations, which are profitable at the EBITDA level and with no external borrowings. A more likely outcome is a repricing of existing coal contracts. Pacific National has had to provide some short term relief to existing customers, although this has been offset by increases in volume and/or extended terms, with most revised arrangements having a neutral or positive impact on NPV; and

- Glencore considering the sale of its Hunter Valley above rail coal haulage business ("GRail") to take advantage of strong global demand for high quality infrastructure assets and to assist in Glencore's wider debt reduction program. GRail is operated by a subsidiary of Genesee & Wyoming, has a fleet of nine trains and the capacity to haul 40 million tonnes of coal per annum. It currently only provides coal haulage for Glencore-owned coal mines. While Pacific National and Aurizon would be natural acquirers of GRail (subject to ACCC approval), it would also be a strategic acquisition for Genesee & Wyoming (which owns and operates the Adelaide to Darwin rail link) to expand its Australian haulage network. An increase in competition could have an impact on Pacific National's prices (and potentially, its volumes) although there would be minimal short to medium term impact given the long term, take-or-pay nature of coal haulage contracts.

On balance, Grant Samuel believes that the multiples implied by the valuation of Pacific National of 10.1-10.6 times forecast EBITDA and 13.8-14.6 times forecast EBITA are appropriate.

4.4 Value of Patrick T&L

4.4.1 Summary and Comparison to Previous Valuation

Grant Samuel estimates the value of Patrick T&L to be in the range $2,200-2,400 million.

The value range is $100 million lower than the value range estimated in the First Asciano Report. The reduction is partly attributable to the transfer of the regional road and rail business from Patrick T&L to BAPS. However, most of the reduction reflects the weak performance in 1HY16 together with the FY16 (6+6) forecast which is at levels well below the FY16 earnings anticipated at the time of the First Asciano Report. While some of this shortfall is due to one off events (industrial activity, productivity levels at Port Botany, additional costs in Melbourne) that should either not recur or be rectified in future years, a significant element reflects weaker than anticipated underlying volumes through Australian ports and greater than anticipated pricing pressures that are likely to flow through into performance in subsequent years.

4.4.2 Discounted Cash Flow Analysis

DCF Assumptions

For the purpose of the First Asciano Report, Grant Samuel developed a DCF model for Patrick T&L based on the strategic plan and projections for Patrick T&L prepared by management.

Based on discussions with Patrick T&L management, Grant Samuel has made changes to the cash flow assumptions in the strategic plan and projections to reflect the impact of the FY16 (6+6) forecast on subsequent years.

The DCF model for Patrick T&L forecasts nominal after tax cash flows from 1 January 2016 to 30 June 2025, a period of 9½ years, with a terminal value calculated to represent the value of cash flows in perpetuity. The FY16 (6+6) forecast is used as the base year from which subsequent year projections are generated. A corporate tax rate of 30% has been assumed. Discount rates in the range 9-10% have been used (refer to Section 4.2.1).

The DCF model has discrete assumptions for the terminals business (for each of the four operations) as well as the various components of the logistics business. The model assumes the Port of Fremantle lease is extended and that the expansion project takes place. The ACFS joint venture is treated as an equity accounted associate.

The analysis considers a number of different scenarios. Under Scenario A, the business operates on an "as is" basis. It assumes:

- container volumes grow by approximately 3.5% per annum except for higher rates in the first two years (due to Port Botany ramp up) and lower rates in FY19 and FY20 (due to market share losses arising from the new entrant in Melbourne);
- no new contract wins; and
- prices are assumed to be flat in the first three years with modest price increases thereafter (1% or less) reflecting the impact of new entrants and excess capacity.

The overall effect of these assumptions is that:

- revenue growth for terminals is around 6% per annum in FY17 and FY18 but falls below these levels (to around 1.5-3.0%) in FY19 and FY20. After FY20 revenue growth is around 4% per annum; and
- EBITDA margin (including associates) improves from 35% in FY16 to 37% in FY17 reflecting additional benefits from Port Botany and continued margin improvement at Fisherman Islands. Margin improvements continue into the forecast period, reaching an EBITDA margin of 39% in FY25.

The DCF model incorporates some different assumptions to those adopted in the First Asciano Report, primarily:

- it includes only cash flows in 2HY16 rather than the full FY16 year;
- a lower starting point based on the FY16 (6+6) forecast which has been adjusted to exclude one off items (profits on property sales and land tax refund);
- revenue growth in FY17 and FY18 has been increased slightly to allow for the greater "bounce back" potential from the subdued FY16 levels (particularly in Fremantle);
- operating costs have been adjusted from FY17 onwards to allow for:

- non recurrence of industrial action costs incurred in FY16;
- productivity savings at Port Botany as the new roster enables the potential from the automation project completed in FY15 to be better realised; and
- savings at East Swanston Dock from non recurrence of extra maintenance costs incurred in FY16 and operating inefficiencies as a result of knock on effects from Port Botany; and

- additional capital expenditure in FY17 to compensate for some of the deferral of capital expenditure in FY16.

It should also be recognised that these adjustments are relatively crude, necessitated by the fact that the strategic plan has not been updated since the First Asciano Report. The revised cash flows are not necessarily the same as would be produced if the strategic plan was recut on a ground up basis (which will not occur until mid 2016).

DCF Scenarios and NPV Outcomes

As with any long term projections, there are inherent uncertainties about future events, many of which are outside the control of Patrick T&L, including:

- domestic and global economic cycles which impact exports and imports;
- changes to shipping alliances/consortia that could change the structure of the potential customer base in either a positive or negative way;
- changes to the intensity of competition from other terminal operators;
- port privatisation and the potential for associated higher rent costs; and
- industrial relations activity – strikes, industrial action or failure to resolve a material dispute with labour unions may disrupt operations.

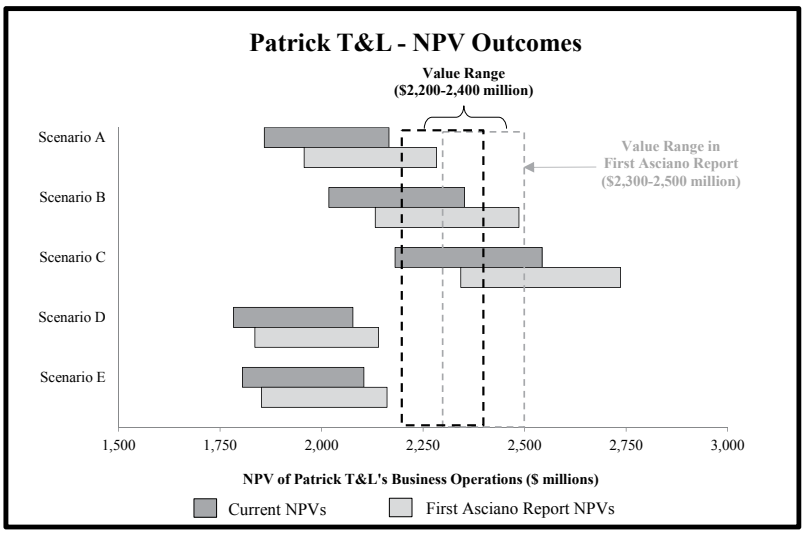
As a result of these uncertainties, there is a range of potential outcomes that could occur, both positive and negative (and an even greater number of possible combinations of those outcomes). Accordingly, Grant Samuel has considered a number of scenarios that analyse the impact of possible variations in some of the factors outlined above.

Each scenario assumes as a starting point that the 2HY16 forecast (sourced from the FY16 (6+6) forecast) is achieved. Longer term assumptions have been made by Grant Samuel with reference to Asciano's strategic plan following discussion with Asciano management. A description of each scenario is outlined in the table below:

Patrick T&L - DCF Scenarios

Scenario	Description
Scenario A	No new customer wins. Market share losses in FY19 and FY20. Expenses include higher rent costs at East Swanson Dock and Fremantle following rent reviews.
Scenario B	Assumes Scenario A and new customer wins in FY17 with the full benefit of these wins in FY18.
Scenario C	Assumes Scenario B but prices grow at 0.25% per annum higher.
Scenario D	Assumes Scenario A but costs grow at 0.25% per annum above Scenario A.
Scenario E	Assumes Scenario A but with lower volume growth rates (generally by 2%) and lower growth in other revenue in FY17.

The NPV outcomes are depicted graphically below:



As discussed above, NPVs from DCF analyses are subject to significant limitations and should always be treated with considerable caution. Grant Samuel's selected value range of $2,200-2,400 million represents a subjective balancing of the scenarios taking into account a range of factors. In particular, the following issues were considered relevant:

- the Australian container terminal market is mature. The new entrant in Sydney (Hutchison) has gained some market share, but its success to date has been limited. The new entrant in Melbourne (VICT) has not yet commenced operations. However, the new competitors are owned by, or associated with, large international container port operators and it is possible that they will eventually become more effective competitors notwithstanding some structural disadvantages relative to Patrick T&L;
- the long term volume growth assumptions under Scenario A could be argued to be relatively conservative at 3.5% per annum. The Bureau of Infrastructure, Transport and Resource Economics has forecast growth (in TEUs) to 2032 in the order of 5% per annum. On the other hand:
  - other forecasters have lower growth rates;
  - there are factors adversely affecting volumes (miniaturisation, packing technologies);
  - increased use of 40 foot containers would result in the number of lifts running at levels below TEU growth;
  - market share gains by new entrants would mean that Patrick T&L grows at less than the overall market; and
  - while there can be confidence that long term market volume growth will be reasonably strong, there is a significant risk that, given various issues afflicting the global economy at present, volumes will be subdued over the shorter term (say the next 2-3 years);
- the increasing competition and the excess container handling capacity that exists along the east coast of Australia suggests that significant price increases will be challenging; and

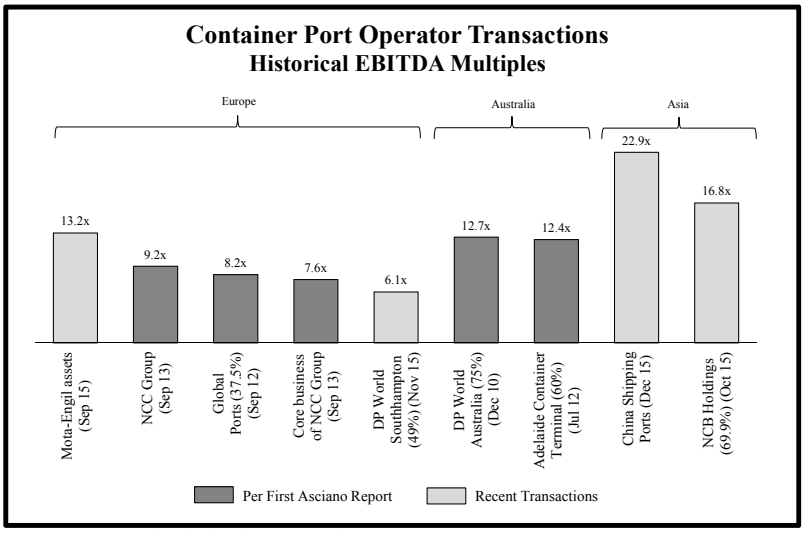
- the increased level of automation reduces risks around labour costs (and increases operating leverage) but there are risks in other operating costs. While increases in rent costs are assumed both at East Swanson Dock and Fremantle, these have not been settled and could be different than assumed.

4.4.3 Earnings Multiple Analysis

Transaction Evidence

Appendix 1 contains an analysis of the earnings multiples implied by acquisitions of pure container port operators globally since 2008 for which meaningful valuation parameters can be calculated. The data excludes the recent privatisations of major Australian ports (e.g. Port of Brisbane, Port Botany/Port Kembla) as these are very different businesses to Patrick T&L. They are responsible for the general operations of the port (earning navigation and berthage fees) and are also effectively "landlords" leasing out industrial property at the ports to terminal operators and others which explains the very high EBITDA multiples involved in these transactions (underpinned by the scope for rental increases). In contrast, Patrick T&L is the lessee and has very different risk and return characteristics (such as volume and competition risks and relatively heavy capital expenditure requirements).

The following charts set out the historical EBITDA and EBITA multiples for those transactions:



Source: Grant Samuel analysis (refer to Appendix 1)

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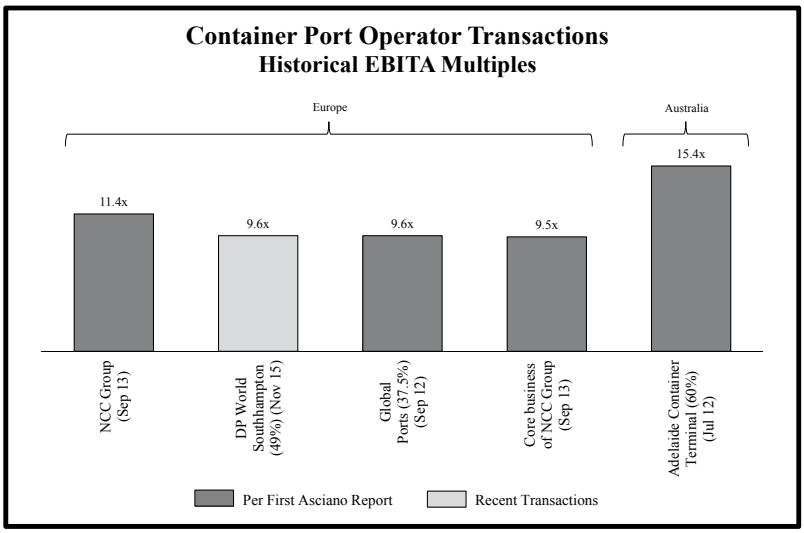

Source: Grant Samuel analysis (refer to Appendix 1)
Note: The recent Asian transactions have not been shown as EBITA multiples are in excess of 75 times and are therefore not meaningful.

Four recent transactions have been added since the First Asciano Report:

- DP World Limited ("DP World") acquired the remaining 49% of the company holding the licence to provide container and other cargo handling services at the Port of Southampton from Associated British Ports Holdings Limited, the port owner, at the same time as the licence agreement was extended by 25 years to 2047. While the implied multiples are consistent with other European transactions, it is unclear if they reflect an arm's length market value with the transaction having occurred under private shareholder arrangements and at the same time as the licence extension;
- Turkish port operator Yilport Holding acquired the port and logistics assets of Mota-Engil (including 63.125% of TERTIR, SA, a Portuguese port terminal operator). The implied historical EBITDA multiple of 13.2 times is high and may reflect the strategic importance of this acquisition to Yilport Holding's global expansion plans. In a related transaction, Yilport Holding acquired the remaining 36.875% interest in TERTIR, SA for €60 million; and
- the recent Asian transactions have occurred at high multiples reflecting regional growth expectations as well as the circumstances of each transaction. In this regard:
  - the price paid for NCB Holdings Bhd ("NCB") (the operator of Northport at Port Klang, Malaysia) was considered by commentators to be generous due to the synergies available to the acquirer and due to the expected turnaround of NCB's logistics operations following substantial restructuring in 2014-2015; and
  - the acquisition of China Shipping Ports Development Co., Ltd ("CSPD") by COSCO Pacific Limited ("COSCO Pacific") was a consequence of a revision of strategies for the Chinese shipping industry and one element of a wider restructuring of state owned enterprises in the sector. The transaction was undertaken based on independent valuations (which commentators considered high) and there is an expectation of material synergies.

It is dangerous to place any significant degree of reliance on medians of these data points as the transaction multiples demonstrate a very wide range of outcomes (6.1-22.9 times historical EBITDA and 9.5-15.4 (and higher if the Asian transactions are included) times

historical EBITA) and there is limited data to provide meaningful multiples of forecast earnings.

In addition:

- EBITDA multiples in particular need to be interpreted with considerable caution as there can be very substantial differences between companies in terms of capital intensity (as evidenced through the proportion of EBITDA consumed by depreciation/capital expenditure);
- EBITA multiples also need to be interpreted with caution as there can be substantial timing differences in the capital spend of different companies. This can lead to distorted EBITA multiples;
- two of the European transactions, NCC Group and Global Ports, involve container terminal operators in Russia, which at the time of the transactions was becoming more integrated with the global economy and was considered a high growth region;
- although the acquisition of a 37.5% interest in Global Ports by APM Terminals reflects a non controlling (albeit strategic) interest, APM Terminals and the vendor of the interest, Transportation Investments Holdings Limited, became equal controlling partners in Global Ports (with an aggregate 75% interest);
- the multiples implied by the acquisition of NCC Group include earnings for a 50% interest in a newly developed container terminal which was in start up phase. If this asset is excluded from enterprise value and earnings, the implied multiples for NCC Group's core business are in line with APM Terminal's acquisition of a 37.5% interest in Global Ports;
- the Australian transactions occurred at multiples higher than the European transactions but the following should be noted:
  - DP World Australia was the largest container terminal operator in Australia with operations (at the time) across the five largest container ports. The sale of a 75% interest in DP World Australia was a key step in the strengthening of DP World's financial position following the global financial crisis. The acquirer was a financial investor and DP World retained a 25% interest and entered into long term management arrangements for DP World Australia's ports. The transaction occurred at a time of relatively strong container volume growth following the downturn in 2008 and 2009;
  - the forecast EBITDA multiple for DP World Australia was 11.5 times (compared to 12.7 times historical); and
  - the acquisition of the remaining 60% interest in Adelaide Container Terminal occurred under shareholder arrangements as a consequence of the change of control event for DP World Australia. It is unclear if the price paid reflects a full control value. In any event, the acquirer was the sole South Australia port operator, Flinders Ports, and cost synergies were expected from full ownership of the terminal; and
- the Asian transactions occurred at multiples higher than the Australian transactions but it should be noted that NCB's logistics operations (which contribute around 30% of revenue) have underperformed in recent years and were expected to turnaround following substantial restructuring. The implied current year forecast EBITDA multiple was 12.7 times and next year forecast EBITDA multiple was 11.1 times (compared to 16.8 times historical).

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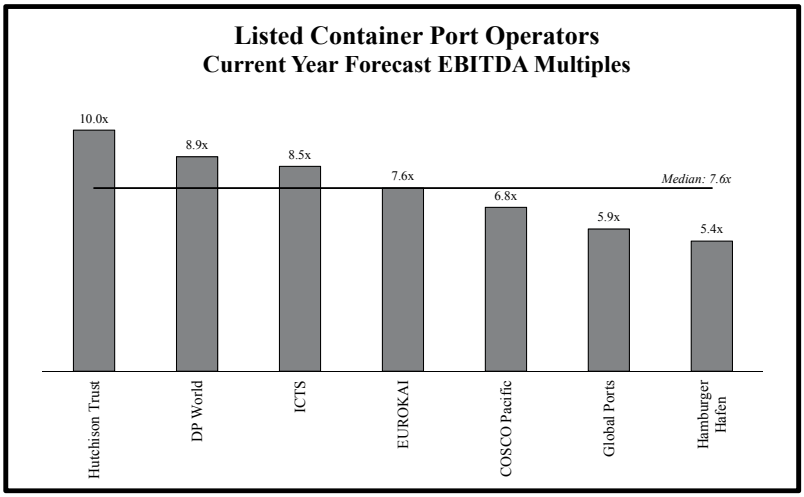
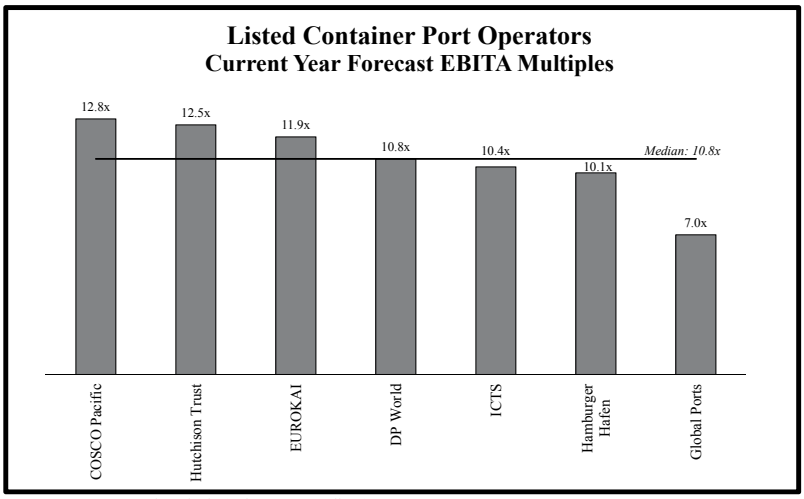
Sharemarket Evidence

Appendix 1 contains an analysis of the earnings multiples implied by share prices as at 31 March 2016 for a selection of listed container port operators. The following charts summarise the current year forecast EBITDA and EBITA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)



Source: Grant Samuel analysis (refer to Appendix 1)

The following factors are relevant to consideration of the comparable listed company multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;

- the trading multiples at 31 March 2016 are lower than at 31 August 2015 (with the forecast EBITDA multiples around 6% lower and forecast EBITA multiples around 10% lower). The decline in the forecast multiples reflects a combination of:
  - movement in equity markets over the period; and
  - the forecast multiples for the companies being updated to reflect the year ending 31 December 2016 (rather than the year ending 31 December 2015 as was the case in the First Asciano Report). It would be expected that these forecast multiples would be lower than those that were shown in the First Asciano Report;
- the scale and range of activities of each of the operators is diverse:
  - DP World is one of the world's largest container port operators with operations at more than 65 terminals handling around 60 million TEU per annum;
  - following completion of the CSPD acquisition in March 2016, COSCO Pacific has been transformed into one of the world's largest container port operators with operations at 45 terminals handling around 80 million TEU per annum (based on pro forma 2014 total throughput). However, Chinese ports will continue to account for the bulk of COSCO Pacific's volume;
  - ICTS operates in around 20 countries worldwide and has an emphasis on high growth, emerging markets in Asia and Latin America;
  - Hutchison Port Holdings Trust ("Hutchison Trust") is more narrowly focussed on specific regions of China (i.e. Hong Kong and Shenzhen (immediately north of Hong Kong)) and handles around 67 million TEU per annum;
  - Global Ports is the leading container terminal operator serving Russian cargo flows, operating 10 container terminals with 2.7 million TEU of container throughput per annum; and
  - Hamburger Hafen and EUROKAI are German companies with mature activities. Hamburger Hafen is focussed on the Port of Hamburg and its hinterland with container operations handling around 7.5 million TEU per annum but 40% of its revenue is derived from logistics and transport services. EUROKAI's consolidated activities are focused in Italy (5.1 million TEU per annum) but it also owns a 50% interest in EUROGATE, Europe's leading container terminal operator with throughput of around 9.7 million TEU per annum;
- all of the companies have limited free float, which can distort the underlying multiple. The free floats of DP World, Global Ports and EUROKAI are around 20-25% while the others fall in the range of 30-50%;
- some companies contain other significant business units. For example, around 40% of Hamburger Hafen's revenue is from hinterland transport systems and logistics services (which may explain its lower multiples relative to its European peers);
- companies such as EUROKAI, COSCO Pacific and Global Ports have large investments in joint ventures and associates which are equity accounted. Even after making adjustments to EBITDA using market value of earnings and adjustments to enterprise value using book value of investments there can be distortion of multiples (as the market value of investments, which are unknown, may be materially different to the book values);
- companies that own and operate ports generally trade on higher multiples given the greater stability of revenues and high margins; and
- companies that are exposed to high growth markets are likely to be trading at higher multiples. The European operators (e.g. EUROKAI, Hamburger Hafen) are trading at around 6-7 times forecast EBITDA. In contrast, the businesses with substantial

emerging markets operations (e.g. DP World, ICTS and Hutchison Trust) are generally trading at around 8-10 times forecast EBITDA.

Implied Multiples for Patrick T&L

Based on the adjusted actual earnings and the adjusted broker consensus forecasts set out in Section 4.2.2, Grant Samuel's value range of $2,200-2,400 million implies the following earnings multiples:

Patrick T&L – Implied Valuation Parameters

	Variable ($ millions)	Range of Parameters	
		Low	High
Value range ($ millions)		**2,200.0**	**2,400.0**
Multiple of underlying EBITDA (times)			
Year ended 30 June 2015 (adjusted actual)	209.4	10.5	11.5
Year ending 30 June 2016 (adjusted broker consensus)	208.4	10.6	11.5
Multiple of underlying EBITA (times)			
Year ended 30 June 2015 (adjusted actual)	156.5	14.1	15.3
Year ending 30 June 2016 (adjusted broker consensus)	149.9	14.7	16.0

The implied multiples are:

- broadly in the middle of the transaction evidence although the limited data set, wide divergence in outcomes and the particular circumstances applying to each transaction limit the degree of reliance that should be placed on this comparison; and
- above all of the listed container terminals. However:
  - the multiples of listed companies do not include a premium for control;
  - a very substantial premium over lower growth European operators can be justified; and
  - the premium over the listed Asian or global operators is not inconsistent with typical premiums for control.

There are a number of positive factors that would support higher multiples:

- Patrick T&L is extremely well positioned within the Australian container terminals industry. It:
  - has a national market share of just under 50% for FY15 (based on contracted lifts);
  - is benefitting from its substantial investment in automation at Fisherman Islands and Port Botany which gives it the best quality physical infrastructure and a material operating cost advantage relative to its peers;
  - scores significantly better than the competitors in surveys of service levels (underpinned by having the only fully integrated national operations centre);
  - has an advantageous physical footprint at Port Botany; and
  - has substantial spare capacity to meet long term growth, particularly at Port Botany;
- the new entrant at Fisherman Islands and Port Botany has failed to take material market share. More generally, apart from the other new entrant that will start at Port

of Melbourne from 2017, the barriers to entry mean that the prospects of additional new competition are remote;

- the business has a recent track record of winning new contracts that have strengthened market share and its cost advantages will help it win business in a competitive market;

- the long term outlook is for reasonable container volume growth. While it is unlikely to match the levels seen over the past two decades, containerised freight will continue to benefit from increasing trade flows (particularly if the recently agreed free trade agreements deliver the promised gains). Most forecasts vary between 4% and 5% per annum growth in TEU volumes;

- beyond FY16 there are several factors that should contribute to earnings growth:
  - the full benefits from the automation project at Port Botany. While much of this benefit is expected to be realised in FY16 there will be additional flow through in FY17; and
  - improved performance in logistics (50% owned) following the merger of Patrick T&L's metro logistics business with ACFS. The strategic plan assumes a significant step up in earnings from ACFS in FY17;

- with the completion of the Port Botany automation project, cash flow generation will improve dramatically. Apart from the potential upgrade/expansion at Port of Fremantle ($250 million over FY17-19), capital expenditure is expected to settle at around $60-70 million per annum. This represents only approximately 25-30% of EBITDA; and

- well established, high quality port assets with the scale of Patrick T&L are relatively rare acquisition opportunities.

On the other hand, there are several factors that will constrain the multiple that is appropriate for the business:

- the reality is that, despite some volume growth over the last four years, performance has been flat. Earnings in FY15 were:
  - less than they were in FY12; and
  - only approximately 5% above FY13 at the EBITA level.

  Brokers are forecasting FY16 EBITDA for Patrick T&L (excluding property profits and land tax refunds) to be flat and EBITA to fall slightly;

- Patrick T&L already has a position at the four largest container ports in Australia. Growth options, except by way of offshore merger and/or acquisition, are minimal. It is effectively limited to its current footprint. Potential future transactions are not part of the current value of the business;

- Patrick T&L already has a national market share of just under 50%. This will be difficult to increase materially. In fact, it is likely to decline and Patrick T&L's volumes will probably grow at a lesser rate than the market as a whole over the longer term. Both of the new entrants face certain structural disadvantages and Hutchison has had limited success to date. However, both are well resourced and associated with global operators. Despite initial difficulties, ultimately they are likely to become more effective competitors. For example, any affiliation between Hutchison, VICT and Qube (in the absence of the Joint Consortium Proposal proceeding) could represent a significant threat. In this context, Patrick T&L does have a competitive disadvantage to all of the others through its lack of a global network (for dealing with global shipping lines or consortia);

- the new entrants in Sydney and Melbourne, coupled with the significant excess capacity across the industry from Brisbane to Melbourne, means that pricing may come under significant pressure over the next few years. This pressure has already become evident during FY16. Price gains, which will be critical to earnings growth, will be very hard won;

- the scope for further cost savings through business improvement programs is now much more limited. Most of the "low hanging fruit" has been picked;

- there is a risk (albeit relatively small) that the Port of Fremantle lease is not extended beyond 2017 (or 2019 if the proposed short term extension is implemented) but, in any event, there are risks around likely rent increases at East Swanson Dock (Melbourne) and Port of Fremantle; and

- there is limited scope for material cost synergies available to acquirers of the business (assuming none of the existing competitors were able to do so because of competition law restrictions). Qube expects to realise significant synergies from its acquisition of Patrick T&L (in the order of $40-50 million) but these are specific to Qube and would not be obtainable by other acquirers (i.e. they are in the nature of special synergies). An acquirer with an existing global container port network may be able to generate some revenue synergies from its existing customer base but it would be unlikely that such benefits would be incorporated into an acquisition price given their much more uncertain nature (compared to cost savings).

The multiples are higher than in the First Asciano Report:

Patrick T&L – Comparative Valuation Parameters

	Range of Parameters	
	Low	**High**
FY16 underlying EBITDA (times)		
First Asciano Report (broker consensus)	9.3	10.1
Current Report (adjusted broker consensus)	10.6	11.5
FY16 underlying EBITA (times)		
First Asciano Report (broker consensus)	13.7	14.9
Current Report (adjusted broker consensus)	14.7	16.0

While it is recognised that the multiples of listed container terminal operators (and the sharemarket in general) have fallen since the First Asciano Report:

- there is no evidence that transaction multiples have fallen;

- other things being equal the passage of time would result in an increase in multiples (i.e. FY16 is now closer to being an "historical" year); and, most importantly

- the FY16 forecasts reflect a number of one off costs that should not recur in FY17 including industrial action costs and maintenance costs at Port Melbourne. In addition, the productivity gains from automation at Port Botany have been less than expected but:
  - it is still early in the process. Fisherman Islands took approximately three years to realise the full potential of automation; and
  - new rosters that will contribute to productivity improvements are currently being agreed and implemented and should flow through into FY17 earnings.

On balance, Grant Samuel believes that the multiples implied by the valuation of Patrick T&L of 10.6-11.5 forecast EBITDA and 14.7-16.0 times forecast EBITA are appropriate.

4.5 Value of BAPS

4.5.1 Summary and Comparison to Previous Valuation

Grant Samuel estimates the value of BAPS to be in the range $850-950 million. This value assumes 100% ownership of Autocare (Asciano owns 80%). An adjustment (net of debt) for the 20% interest that Asciano does not own has been made separately (refer to Section 4.9).

The value range is $50 million lower than the value range estimated in the First Asciano Report. In the absence of any change, the value would have increased as a result of the transfer of the regional road and rail business from Patrick T&L to BAPS. However, the performance in 1HY16 was weak and the FY16 (6+6) forecast is at levels below the FY16 earnings anticipated at the time of the First Asciano Report. Autocare is trading as expected and has recently secured an important new contract (Glovis) but the Bulk Port Services business unit has suffered from a general decline in volumes. This softness was evident across most ports but particularly in Western Australia where it was exacerbated by the run down of the Gorgon contract and absence of any significant new project work. The adjusted broker consensus forecast EBITDA for FY16 for BAPS is now $99 million compared to $114 million at the time of the First Asciano Report.

4.5.2 Discounted Cash Flow Analysis

DCF Assumptions

For the purpose of the First Asciano Report, Grant Samuel developed a DCF model for BAPS based on the strategic plan and projections for BAPS prepared by management.

Based on discussions with BAPS management, Grant Samuel has made changes to the cash flow assumptions in the strategic plan and projections to reflect the impact of the FY16 (6+6) forecast on subsequent years.

The DCF model for BAPS forecasts nominal after tax cash flows from 1 January 2016 to 30 June 2025, a period of 9½ years, with a terminal value calculated to represent the value of cash flows in perpetuity. The FY16 (6+6) forecast is used as the base year from which subsequent year projections are generated. A corporate tax rate of 30% has been assumed. Discount rates in the range 9-10% have been used (refer to Section 4.2.1).

The DCF model has discrete assumptions for each of Bulk Port Services, Autocare and C3 but it is a very high level model beyond 2HY16 and the outcomes need to be treated with considerable caution.

The analysis considers a number of different scenarios. Scenario A assumes the business operates on an "as is" basis. It assumes Bulk Port Services volumes grow in line with real GDP growth and modest increases in prices. Over the long term, Autocare volumes grow in line with population growth with prices increasing at just below inflation but the impact of the new Glovis contract has a one time step up effect in FY16 (part year) and FY17. C3 revenue grows in line with longer term log volume exports of 1.5% with the exception of higher growth in FY18 and FY19 as a result of early maturation of some of the harvestable wood in New Zealand. Bulk Port Services and Autocare expenses generally increase with inflation, with the exception of rent reviews. Labour costs make up over half of C3's expenses and grow in line with revenue.

The DCF model incorporates some different assumptions to those adopted in the First Asciano Report, primarily:

- it includes only cash flows for 2HY16 rather than the full FY16 year;

- a lower starting point based on the FY16 (6+6) forecast which has been adjusted to exclude one off items (profits on property sales);
- Autocare forecasts now allow for an earnings contribution from the Glovis contract;
- a lesser increase in C3 volumes for FY17 and FY18 from the early harvest of logs in New Zealand;
- working capital is based on recent parameters for days receivable and payable; and
- additional capital expenditure in FY17 to compensate for some of the deferral of capital expenditure in FY16.

It should also be recognised that these adjustments are relatively crude, necessitated by the fact that the strategic plan has not been updated since the First Asciano Report. The revised cash flows are not necessarily the same as would be produced if the strategic plan was recut on a ground up basis (which will not occur until mid 2016).

The DCF model does not allow for an acquisition that BAPS is in the process of completing. As the purchase price is also excluded the net effect should be zero (assuming NPV is equal to cost).

DCF Scenarios and NPV Outcomes

As with any long term projections, there are inherent uncertainties about future events, many of which are outside the control of BAPS, including:

- non-containerised bulk freight growth, which is impacted by GDP growth, international bulk trade and any further shift towards containerisation of bulk freight;
- opening and closing of industries or manufacturing plants that utilise the ports serviced by Bulk Port Services;
- changes to vehicle import levels as a result of production decisions by global manufacturers;
- changes to motor vehicle import laws;
- changes in Chinese demand for logs and wood products;
- timing of harvesting the New Zealand forests and the ability of the industry to manage significant increases in volume;
- changes to the competitive environment;
- rents charged by port owners; and
- special project work which is inherently unpredictable.

As a result of these uncertainties, there is a wide range of potential outcomes that could occur, both positive and negative (and an even greater number of possible combinations of those outcomes). Accordingly, Grant Samuel has considered other scenarios that analyse the impact of possible variations in some of the factors outlined above.

Each scenario assumes as a starting point that Scenario A is achieved. Longer term assumptions have been made by Grant Samuel with reference to Asciano's strategic plan following discussion with Asciano management. A description of each scenario is outlined in the table below:

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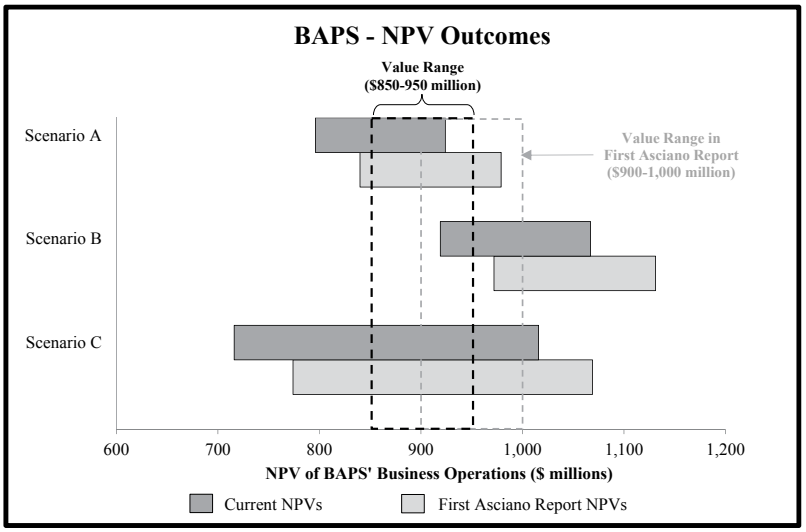
BAPS - DCF Scenarios	
Scenario	**Description**
Scenario A	Steady market growth. No new contract wins.
Scenario B	Assumes Scenario A plus new customer wins in FY17 and FY18 in Bulk Port Services and C3.
Scenario C	Assumes Scenario A but EBITDA margins are 100bps higher/lower.

The NPV outcomes are depicted graphically below:



As discussed above, NPVs from DCF analyses are subject to significant limitations and should always be treated with considerable caution. Grant Samuel's selected value range of $850-950 million represents a subjective balancing of the scenarios taking into account a range of factors. In particular, the following issues were considered relevant:

- Scenario A assumes the BAPS business grows at market rates with only very modest changes in prices. The underlying premise is that BAPS is able to maintain its current market share in a highly competitive market. BAPS' main competitor, Qube, has been successful in FY15 in winning new contracts and offers customers complete logistics solutions across the whole supply chain;
- Scenario B assumes a significant level of new business wins at slightly improved margins. These gains are premised on a successful restructuring of the logistics side of the business delivering a more complete and effective solution for customers. However, the competitive environment may be such that new business wins are secured at lower margins. On the other hand, the cash flow forecasts assume minimal new project work (which should return in time) and it is arguable that market wide volumes have potential to bounce back relatively strongly from the very subdued levels experienced in FY16 (e.g. New Zealand log volume forecasts for FY17 have been upgraded). These factors support Scenario B as a reasonable case; and
- Scenario C examines the impact of changes in margin and it is important to note that approximately half of BAPS' costs relate to labour. While there may be some minor efficiency gains, it is difficult for margin improvements to come from improvement in labour (without the spend required to automate some of the processes).

4.5.3 Earnings Multiple Analysis

Overview

BAPS is a relatively complex business made up of several distinct units that have very different market and competitive environments, economic drivers and outlooks. It is primarily a bulk port stevedoring and associated logistics business servicing diverse users across Australia and New Zealand but:

- part of the stevedoring business (C3) provides specialist services to the forestry industry in New Zealand and is largely dependent on forestry harvesting volumes. C3 also has a small non port related business servicing the forestry industry in selected parts of Australia;
- it manages entire ports (e.g. Port of Geelong) plus other specialist facilities (e.g. the Patrick Marine Facility in Dampier, Western Australia); and
- Autocare, which processes and stores imported motor vehicles and delivers them (as well as locally manufactured vehicles) across Australia, is a specialist logistics business.

Accordingly, it is difficult (if not impossible) to find acquisitions of comparable companies or comparable listed companies to provide reliable valuation benchmarks.

The analysis set out in the following sections examines the parameters applying to a broad range of diversified and bulk ports, port services, logistics and other relevant businesses. Primarily, they are focused on non-containerised diversified and bulk operations that may also offer a complete logistics solution to customers. It is, however, important to recognise that in a number of cases the port businesses own and operate the whole port rather than provide stevedoring services in a competitive environment (although this is akin to Port of Geelong and certain other BAPS operations). To the extent relevant, the analysis also considers pure logistics companies where they are engaged in similar fields.

Transaction Evidence

Appendix 1 contains an analysis of the earnings multiples implied by relevant acquisitions for which meaningful valuation parameters can be calculated. The following charts summarise the historical and forecast EBITDA multiples and the historical EBITA multiples:

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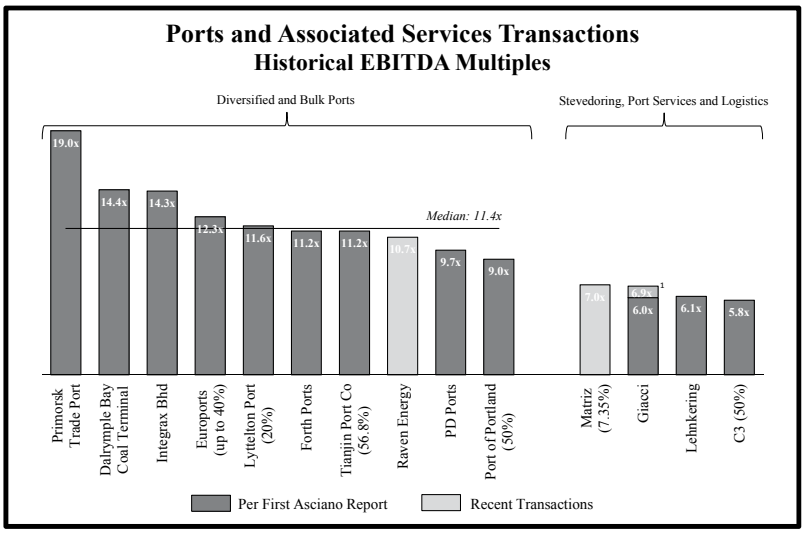
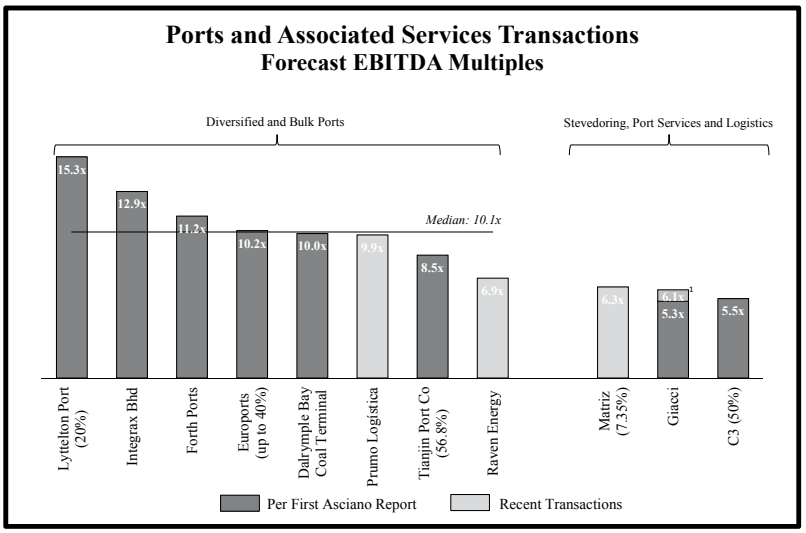


Source: Grant Samuel analysis (refer to Appendix 1)

Note: 1. The low multiple is based on the base price for the acquisition. The high multiple allows for contingent consideration.

2. Graph excludes acquisition of 67% interest in Piraeus Port Authority S.A. ("Piraeus") which is effectively a privatisation and occurred at a historical EBITDA multiple of 29.2 times.



Source: Grant Samuel analysis (refer to Appendix 1)

Note: 1. The low multiple is based on the base price for the acquisition. The high multiple allows for contingent consideration.

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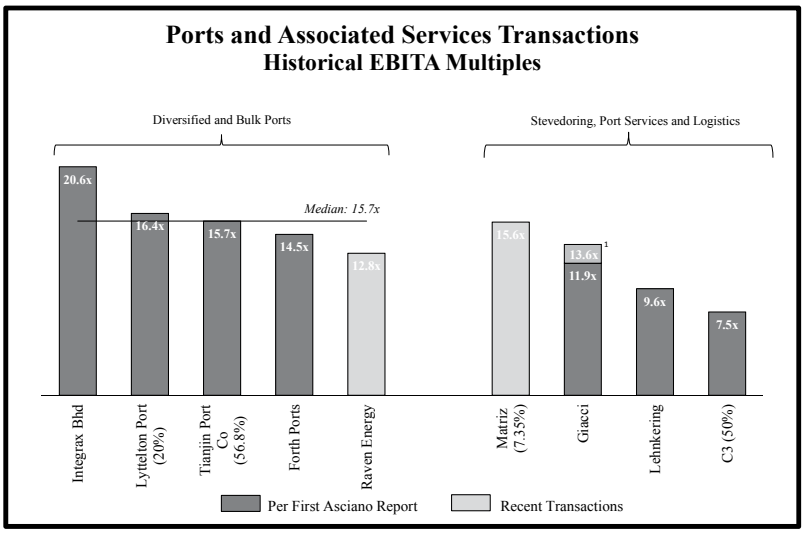

Source: Grant Samuel analysis (refer to Appendix 1)

Note: 1. The low multiple is based on the base price for the acquisition. The high multiple allows for contingent consideration.

2. Excludes acquisition of 67% interest in Piraeus which occurred at a historical EBITA multiple of 94.2 times and is therefore not meaningful.

Four recent transactions have been added since the First Asciano Report:

- China COSCO Holdings Company Limited ("China COSCO") has acquired a 67% interest in listed Greek company Piraeus from the Greek Government (which has retained a 16% interest). This transaction occurred at relatively high multiples reflecting both the difficult market conditions in Greece (impacting on current earnings) and that the transaction is effectively a privatisation and significant synergies are expected to be achieved by China COSCO;

- the remaining 25.8% of Prumo Logística S.A. ("Prumo"), a Brazilian listed company was acquired by EIG Global Energy Partners. Prumo developed the Açu Port and operations are at an early phase with terminals 1 and 2 commencing in late 2014;

- Raven Energy LLC is the operator of the Convent Marine Terminal, one of the largest export terminals on the United States Gulf Coast for coal and other industrial materials. Approximately US$120 million has recently been spent on this terminal and therefore the historical multiples implied by this transaction are not as meaningful as the forecast multiples; and

- in January 2016, the major shareholder (42.4%) in Chilean listed tug, port and logistics operator Sociedad Matriz SAAM S.A. ("Matriz") acquired the longstanding second largest shareholding (7.35%). Although this transaction involves the acquisition of a minority interest, it increased Luksic Group's effective control of Matriz to 49.75%. On the other hand, the port and logistics operations are not the major contributors to earnings and, therefore, the multiples implied may not be meaningful.

The analysis shows a relatively consistent range for most transactions involving diversified/bulk ports of approximately 11-14 times historical EBITDA and 10-13 times forecast EBITDA. These relatively high multiples reflect a number of factors:

- most of the ports are of reasonably significant size. For example:

- Forth Ports operates the third largest container terminal in the United Kingdom (Tilbury) as well as a group of regional ports across Scotland;
- PD Ports owns and operates the Port of Tees and Hartlepool and is the third largest ports business in the United Kingdom; and
- Euroports is one of the largest port operators in continental Europe;

- the companies generally own and operate the whole port. While some undertake stevedoring they also generate a relatively secure and stable income from a range of services including berthage and navigation charges, access and processing fees, storage fees, property lease income and other marine services; and
- a number of the transactions involved financial buyers. While synergies were not a significant feature in these cases, higher degrees of leverage may have supported the pricing.

The Port of Portland is a diversified port located on the Victorian coast. It is broadly similar in size and operations to a number of the ports at which BAPS operates. However, in addition to stevedoring (in which it competes with Qube) the company also manages the entire port.

Little weight should be place on some of the other port transactions:

- Lyttleton Port had been significantly damaged by the Christchurch earthquake and was acquired by Christchurch City, in part, to facilitate redevelopment; and
- Primorsk is a Russian oil port operator and the transaction was part of a larger restructuring of ownership in the acquirer.

In contrast, the stevedoring and logistics transactions show much lower multiples, in the order of 5-7 times EBITDA. These low multiples are likely to reflect:

- the competitive nature of stevedoring activities (at least compared to port management); and
- the relatively small scale of most of the transactions.

Although the acquisition of a 7.35% interest in Sociedad Matriz is likely to be less meaningful due to the major contributor to earnings being tugboat operations, the multiples implied by this strategic acquisition also supports lower multiples for port services operations.

Nevertheless, these transactions are useful benchmarks as C3 is part of BAPS and ISO Limited (which was acquired by Qube at a forecast EBITA multiple of 6.1 times) is a direct competitor to C3. Giacci Holdings Pty Limited is not a ports business per se but it is engaged in bulk haulage, storage and handling focussed on the mining industry. It was acquired by Qube to provide a mine to port logistics capability.

Qube, BAPS' principal competitor, was formed in 2010 through a restructuring of a consortium originally put in place in 2007 to acquire various assets owned by DP World (including AAT, P&O Automotive and General Stevedoring and Northern Stevedoring). The transaction involved equity swaps and there is insufficient financial information available to ascertain precise acquisition multiples. However, the independent expert to the transaction cross checked its valuation of certain interests by reference to EBITDA multiples. It considered that the following multiples (based on valuation mid points) were reasonable:

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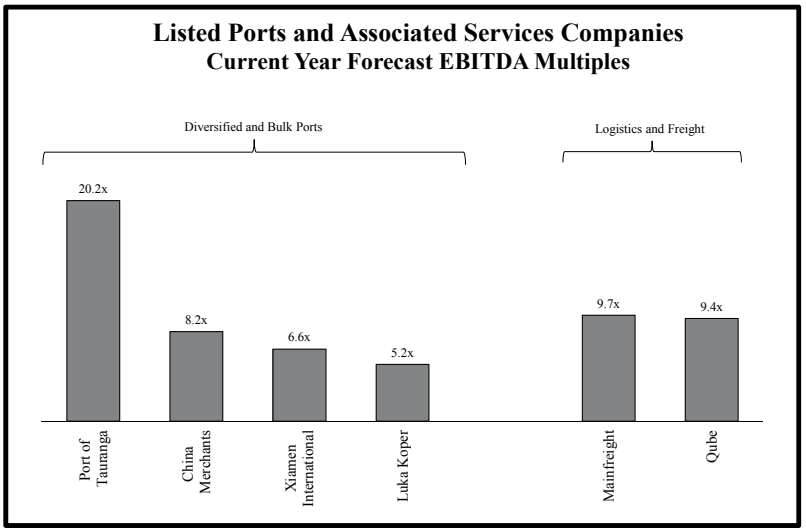
Qube Formation – Implied EBITDA Multiples		
Business Unit	**Historical**	**Forecast**
Automotive and General Stevedoring	11.8	9.3
Landside logistics	9.5	8.1

There have been a large number of acquisitions across the logistics industry over the past few years, mostly in offshore markets. Research undertaken by Grant Samuel indicates that EBITDA multiples have varied between 6 and 15 times reflecting the diverse range of activities, sector focus, geographic footprint, competitive environment, growth outlook and scale. It is difficult to draw any reliable conclusion as to parameters and, in any event, none are directly comparable to BAPS' business (even its logistics component). However, if anything can be discerned it is that multiples of more than 8-9 times EBITDA are relatively rare and reflect some unique feature or the scope for very substantial synergies.

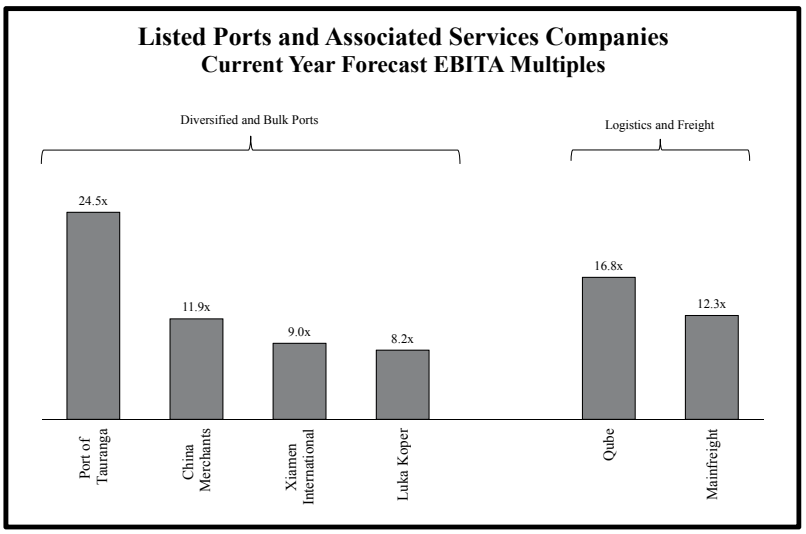
Sharemarket Evidence

Appendix 1 contains an analysis of the earnings multiples implied by the share prices as at 31 March 2016 for larger Australian and New Zealand freight and logistic companies and selected international diversified and bulk port operators. The following chart summarises the current year forecast EBITDA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)
Note: Current year forecast not available for Dalian Port.

The following chart summarises the current year forecast EBITA multiples:



Source: Grant Samuel analysis (refer to Appendix 1)
Note: Current year forecast not available for Dalian Port.

The following factors are relevant to consideration of the comparable company multiples:

- the multiples for the listed entities are based on share prices and therefore do not include a premium for control;
- with the exception of the New Zealand companies (Port of Tauranga and Mainfreight), the forecast trading multiples at 31 March 2016 are generally lower than at 31 August 2015. These declines reflect:
  - movement in equity markets conditions in the period; and
  - the forecast multiples for the international companies being updated to reflect the year ending 31 December 2016 (rather than the year ending 31 December 2015 as was the case in the First Asciano Report). It would be expected that these forecast multiples would be lower than those that were shown in the First Asciano Report.

  In comparison, from 31 August 2015 to 31 March 2016 the S&P/NZX 50 Index has risen by 19.4% and the forecast multiples for Port of Tauranga and Mainfreight have increased by around 7-8%;
- while the companies listed above offer similar services to BAPS, they all generate income from a diverse range of activities which may not be directly comparable to BAPS' operations. For example, Mainfreight is a New Zealand based international transport, logistics and express business not directly engaged in port activities. Similarly, the diversified port operators generate revenues from a wide range of activities. As such, caution should be exercised in applying the multiples directly to the BAPS business;
- Qube is the most relevant comparable to BAPS as it is BAPS' primary competitor. Qube's two main operations are Ports & Bulk and Logistics. Qube has been successful in winning new contracts and gaining market share. Management has also been successful in reducing operating costs. The relatively high multiples (which have been adjusted to the extent possible to exclude the strategic investments under development as well as its investment in Asciano) reflect Qube's strong growth

trajectory both historically and over the next few years. The market appears to have high expectations as to Qube's ability to deliver on its various strategic initiatives such as the Moorebank intermodal project as well as its ability to integrate activities and generate efficiencies; and

- the Port of Tauranga is New Zealand's largest port by volume with a significant focus on logs and timber exports as well as containerised freight. The high multiples reflect:
  - its strong market position;
  - its leverage to export markets; and
  - the anticipated strong growth in earnings in FY17 and FY18 (after a pause in FY16).

Implied Multiples for BAPS

Based on the adjusted actual earnings and the adjusted broker consensus forecasts set out in Section 4.2.2, Grant Samuel's value range of $850-950 million implies the following earnings multiples:

BAPS – Implied Valuation Parameters

	Variable ($ millions)	Range of Parameters	
		Low	High
Value range ($ millions)		**850.0**	**950.0**
Multiple of underlying EBITDA (times)			
Year ended 30 June 2015 (adjusted actual)	97.8	8.7	9.7
Year ending 30 June 2016 (adjusted broker consensus[37])	99.0	8.6	9.6
Multiple of underlying EBITA (times)			
Year ended 30 June 2015 (adjusted actual)	66.2	12.8	14.4
Year ending 30 June 2016 (adjusted broker consensus)	66.7	12.7	14.2

The BAPS business has a number of attractive attributes:

- BAPS has leadership positions in several aspects of its business such as Autocare and forestry in New Zealand;
- Bulk Port Services is highly diversified (by geography, customer and commodity) which insulates it from downturns or adverse events in any one particular customer, industry or location;
- "whole of port" businesses such as Port of Geelong have stable (and growing) income bases;
- the strong market leadership position enjoyed by Autocare (recently reinforced by the Glovis contract win);
- there are various growth opportunities in the existing business, for example:
  - continued expansion of the forestry activities in Australia (which started from scratch in 2010);
  - the business model for Kia and Hyundai (Glovis) should underpin the recovery in storage days; and

[37] Broker consensus EBITDA for FY16 has been calculated by adding FY16 (6+6) forecast depreciation and amortisation to broker consensus EBITA. Refer to Appendix 2 for details.

- added services in Autocare (albeit requiring acquisitions); and

- cash flows are relatively strong with sustaining capital expenditure representing around 25-30% of EBITDA.

On the other hand, there are several factors that constrain the multiple:

- the stevedoring and logistics industries are fragmented and highly competitive. Qube is a strong competitor across the board. It has recently acquired a forestry related business in New Zealand which is likely to become a stronger competitor to C3 over time;

- following a downturn in FY15, log exports from New Zealand are expected to recover. However, the latest medium term forecasts from the New Zealand Ministry of Primary Industries show growth of only 1.5% per annum over the 2015-2019 period compared to 15% per annum achieved over the 2008-2015 period (although recent updates have upgraded FY17 log volumes by 4%). Similarly, new car sales are expected to grow only moderately in line with population growth over the next few years (albeit with a shift towards imports);

- the looming shut down of the Australian motor vehicle industry creates risks for Autocare. While, in an overall sense, imports are likely to substitute on a one for one basis, the change could be positive or negative for Autocare depending on how individual vehicle brand market share shifts (although Autocare covers a relatively diverse mix of brands);

- pricing across all of BAPS' business units is expected to be challenging over the next few years;

- the scope for major cost savings beyond FY16 (and following the current restructure) through the business improvement program is relatively limited; and

- cost synergies for an acquirer are likely to be relatively limited.

In addition, it is important to recognise that BAPS comprises a number of business units with different characteristics and outlooks that warrant different multiples:

- stevedoring (Bulk Port Services, C3, AAT) which represents a significant proportion of BAPS' total earnings, generally warrants relatively low multiples reflecting the competitive nature of the industry. This is evident from the recent transactions (although they are all relatively small) and trading multiples;

- port and port facilities management (e.g. Port of Geelong, Patrick Marine Facility) warrants higher multiples reflecting the more stable and less competitive nature of most of the income stream (often comprising significant lease income or contracted revenues). These higher multiples can be clearly seen from the market evidence;

- Autocare is a specialised logistics business. Logistics businesses encompass an extremely wide range of activities/sectors, competitive environments and outlooks. The multiples are equally diverse. In Grant Samuel's view, Autocare's market positon and established relationships warrant a multiple at the higher end although the modest growth outlook for new car sales and relatively high capital expenditure requirements offset these factors to some extent; and

- a proportion of earnings (circa 10-15% of EBITA) is earnings from associates (e.g. AAT) that has already been taxed (i.e. it is a share of NPAT). These earnings should have a higher multiple than is applied to EBITDA or EBIT.

The overall multiples in the table above implicitly represent a weighted average of different multiples for the respective businesses. Grant Samuel considers them to represent a reasonable balance between the various factors.

The multiples are higher than in the First Asciano Report:

BAPS – Comparative Valuation Parameters		
	Range of Parameters	
	Low	High
FY16 underlying EBITDA (times)		
First Asciano Report (broker consensus)	7.9	8.8
Current Report (adjusted broker consensus)	8.7	9.7
FY16 underlying EBITA (times)		
First Asciano Report (broker consensus)	11.3	12.5
Current Report (adjusted broker consensus)	12.7	14.2

While it is recognised that the multiples of some listed ports and logistics businesses (and sharemarkets in general) have fallen since the First Asciano Report:

- there is no evidence that transaction multiples have fallen;
- other things being equal, the passage of time would result in an increase in multiples (i.e. FY16 is now closer to being an "historical" year); and most importantly
- there is now the potential for a more significant uplift in earnings post FY16 in view of:
  - the earnings contribution from the new Glovis contract (it will make only a minor contribution in FY16 particularly after transition costs);
  - the industry wide subdued volumes being experienced in FY16 from which a bounce back recovery is now more possible; and
  - the value add from recent acquisitions.

On balance, Grant Samuel believes that the multiples implied by the valuation of BAPS of 8.7-9.7 times forecast EBITDA and 12.7-14.2 times forecast EBITA are appropriate.

4.6 Corporate Costs

Asciano expects FY16 net corporate costs (at the EBIT level) to be approximately $50 million (although this includes a $10 million writeback of the Travel Pass provision and $6.1 million of actuarial revaluations). Unallocated corporate overhead costs excluding corporate revenue and one off or unusual items (such as the writeback of the Travel Pass provision, the actuarial revaluations and the costs associated with running dual IT systems for a transition period during FY16) and assuming a normalised level of depreciation and amortisation are expected to be approximately $54 million. These costs represent costs associated with running Asciano's head office and include:

- the Asciano executive office (such as costs associated with the offices of the Managing Director and Chief Financial Officer, company secretarial and legal, planning and development, corporate affairs, treasury, tax etc.);
- listed company costs (such as directors fees, annual reports and shareholder communications, share registry and listing fees and dividend processing); and
- certain group wide shared services (such as human resources, IT etc.) not fully recharged to the business divisions during the year.

Any acquirer of 100% of Asciano would be able to save the costs associated with being a publicly listed company. Furthermore, an acquirer of Asciano which has an existing presence in Australia would potentially be able to eliminate some duplicated roles, particularly at a senior level. It is estimated that these cost savings would be in the order of $10-20 million per year.

The ability to save other head office costs (particularly in relation to shared services) is less clear, particularly as the most likely acquirers of Asciano are large international transport infrastructure companies based overseas that would not be in a position to eliminate duplicate head office functions. In any event, allowing for such savings would potentially double count them given the earnings multiples from comparable transactions reflect (to some extent) synergies available to the acquirer.

For valuation purposes, Grant Samuel has assumed residual head office costs of $34-44 million per annum (i.e. costs remaining after the savings available any acquirer) which have been capitalised at an EBITA multiple of 10-11 times ($340-484 million).

The quantum of capitalised corporate overheads is the same as the amount included in the First Asciano Report.

4.7 Other Assets and Liabilities

Asciano's other assets and liabilities have been valued in the range $(5)-10 million:

Asciano – Other Assets and Liabilities ($ millions)

	Section Reference	Value Range	
		Low	High
Corporate properties (net of site restoration costs)	refer below	45.0	60.0
Loans to associates	3.4	52.4	52.4
Defined benefit plan liability	3.4	(70.6)	(70.6)
Restructuring provision	3.4	(31.6)	(31.6)
Value of other assets and liabilities		**(4.8)**	**10.2**

Asciano owns a number of properties that are not currently used in its business operations. These properties are either vacant or leased to third parties and generate annual rental lease income of approximately $5 million. These properties fall into two categories:

- properties that are not used in Asciano's business operations and which Asciano intends to sell in the short term; and
- a land bank of properties that Asciano has acquired and which it is currently intended will be used in Asciano's business operations at some future date. These properties are currently either vacant or leased to third parties. While it could be argued that these properties are part of Asciano's business operations:
  - they could be sold without having any detrimental impact on Asciano's business operations in the short to medium term; and
  - if they were to be utilised in the business in the longer term, they would presumably generate value for the business that is not reflected in the current earnings projections. The properties would need to be developed, and to justify this expenditure, would need to generate a return.

These properties do not include "strategic" properties that are not necessarily used directly in Asciano's business operations, but which are held for strategic reasons (e.g. properties located in close proximity to Asciano's business operations that are leased to customers).

For the purposes of the valuation, these properties have been valued in the range $45-60 million. This valuation range reflects book value (at the low end) and market value (estimated by Asciano) (at the high end) and is net of site restoration costs.

The defined benefit plan liability has been included as a liability as Asciano has historically made additional contributions to these plans and no additional contributions are included in the FY16 (6+6) forecast and projections used by Grant Samuel for valuation purposes.

Other assets and liabilities does not include any value for Patrick T&L's and BAPS' interests in associates and joint ventures (book value of $67.8 million as at 31 December 2015, including Asciano's 50% interest in the ACFS joint venture). The earnings from interests in associates and joint ventures have been included in the valuation of the relevant business operation (refer to Section 4.4 and Section 4.5).

The value attributed to other assets and liabilities differs from the value attributed to other assets and liabilities in the First Asciano Report (an asset of $12-32 million) as a result of changes in the value of these assets and liabilities. The main difference is a reduction in the value of corporate properties following the sale of certain properties in 1HY16 (in particular, West Dapto). $1.9 million of short term loans made by Asciano to senior management (which was previously included as an asset) were repaid in October 2015.

Some of the movement in assets and liabilities (such as the sale of corporate properties and the repayment of short term loans) is reflected in Asciano's net borrowings as at 31 December 2015.

4.8 Net Borrowings

Asciano's net borrowings for valuation purposes are $3,080 million. This amount reflects Asciano's reported net borrowings adjusted for non-cash debt issuance costs, unrealised exchange losses on US$ bonds and GBP notes and fair value adjustments to US$ bonds as at 31 December 2015 as well as the mark to market of other derivative instruments (mostly interest rate swaps) and cash used to pay the break fee to Brookfield Infrastructure and undertake the Travel Pass buyback:

Asciano – Adjusted Net Borrowings ($ millions)

	Section Reference	Value Range	
		Low	High
Net borrowings as at 31 December 2015 (per balance sheet)	3.4	(3,683.5)	(3,683.5)
Add: debt issuance costs (including discounts)	refer below	(21.6)	(21.6)
Less: unrealised exchange loss on US$ bonds and GBP notes	3.4, 4.7	677.9	677.9
Less: fair value adjustment to US$ bonds	refer below	79.7	79.7
Net hedged drawn borrowings (as disclosed by Asciano)		**(2,947.5)**	**(2,947.5)**
Other adjustments			
Add: mark to market of other derivative instruments	3.4, refer below	(22.1)	(22.1)
Add: break fee paid to Brookfield Infrastructure	1.2	(88.0)	(88.0)
Add: Travel Pass buyback	refer below	(22.0)	(22.0)
Add: cash used to acquire Asciano shares to satisfy vested performance rights[38]	1, 3.5	-	-
Adjusted net borrowings		**(3,079.6)**	**(3,079.6)**

Debt issuance costs have been added back to net borrowings as is it is non cash asset (that is amortised over the life of the relevant borrowings).

[38] No adjustment is required in relation to vested performance rights as the shares held on trust by Asciano for the benefit of satisfying equity compensation plans (2,883,737) is equivalent to the number of performance rights that are expected to vest under the Joint Consortium Proposal.

The adjustment for the unrealised exchange loss on US$ bonds and GBP notes and the fair value adjustment to US$ bonds gives a better indication of the "market value" of Asciano's debt and incorporates the impact of the hedging strategies that it employs to minimise its exposure to fluctuations in foreign currencies (the majority of Asciano's borrowings are in foreign currencies (US$ and GBP)).

Asciano's derivative financial instruments had a net market value as at 31 December 2015 of $655.8 million (refer to Section 3.4), comprising $751.5 million of derivative financial assets and $95.7 million of derivative financial liabilities. $677.9 million of the derivative financial assets have been included as an adjustment in calculating Asciano's net hedged drawn borrowings in the table above. The net balance of the derivative financial instruments (a derivative financial liability of $22.1 million) relates to interest rate swaps and foreign exchange forward contracts on purchase transactions and has been included as an "other adjustment" in the table above.

As part of the acquisition of FreightCorp in February 2002, Asciano agreed that certain eligible FreightCorp employees would retain their entitlement to travel passes (including entitlement to a retirement travel pass on ceasing employment after a specified number of years of service). The Travel Pass provides free rail travel in New South Wales to the eligible employee and their spouse for the life of each pass holder. There was a partial buyback of Travel Passes in 2002-2003. The FY16 (6+6) forecast assumes that a final buyback will be undertaken in 2HY16, resulting in the release of an excess provision amount of $10 million (netted against corporate overheads) and a cash outlay of $22 million, which has been included as an adjustment to net borrowings in the table above.

No adjustment has been made to allow for Asciano's share of net borrowings from associates and joint ventures on the basis that the earnings contribution from associates and joint ventures included in the relevant business division valuations is based on NPAT and therefore reflects a geared contribution. To include an adjustment to the valuation for the net borrowings from associates and joint ventures would double count the net borrowings.

Net borrowings for valuation purposes of $3,080 million is lower than the net borrowings for valuation purposes in the First Asciano Report of $3,229 million, reflecting the generation of cash by Asciano's operating businesses and repayment of borrowings over 1HY16 as well as Asciano not paying a final dividend in FY15.

4.9 Non-Controlling Interest in Autocare

For the purposes of the valuation, Grant Samuel has attributed a value in the range $40-45 million to the 20% interest in Autocare that Asciano does not own.

This non controlling interest was represented by $1.2 million of Asciano's FY15 NPAT and $18.6 million of Asciano's net assets as at 30 June 2015. The carrying value of the non-controlling interest at 31 December 2015 fell to $7.4 million as a consequence of payment of a $12 million dividend to the 20% shareholder (NYK) on 30 October 2015. While this non-controlling interest is not material in the overall context of Asciano's value, it is appropriate to make an allowance for it as the value of BAPS has been prepared on the basis that Asciano owns 100% of the Autocare business.

The value of $40-45 million is based on Grant Samuel's valuation of Autocare (which is included in the valuation of BAPS) and takes into account Autocare's net borrowings as at 31 December 2015 (which are in the form of shareholder loans).

While the value of the non-controlling interest is same as in First Asciano Report, this reflects an increase in Autocare's enterprise value (e.g. from the new Glovis contract) offset by payment of a dividend during 1HY16 which resulted in an increase in net borrowings.

5 Evaluation of the Scheme

5.1 Opinion

Grant Samuel has concluded that the Scheme is fair and reasonable. Accordingly, in Grant Samuel's opinion, the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium, in the absence of a superior proposal.

5.2 Fairness

Grant Samuel has estimated the full underlying value of Asciano, including a premium for control, to be in the range $8.27-9.25 per share (after payment of the interim dividend). The value is the aggregate of the estimated value of Asciano's operating businesses together with other assets less external liabilities and any non trading assets or liabilities and was estimated having regard to both DCF analysis and multiples of EBITDA and EBITA. The value reflects the attributes, both positive and negative, of Asciano's businesses. The valuation is set out in Section 4 of this report.

The value range exceeds the price at which, based on current market conditions, Grant Samuel would expect Asciano shares to trade on the ASX in the absence of a takeover offer (or speculation as to an offer).

The consideration payable under the Scheme of $9.15 per share (after payment of the interim dividend) falls within the value range of $8.27-9.25 (after payment of the interim dividend). The bottom of the value range is the relevant threshold for determining fairness. The consideration payable under the Scheme is above the mid-point of the top quartile of the value range. On this basis, the Scheme is demonstrably fair.

In any event, the Joint Consortium Proposal is the final outcome of a highly competitive process involving both the Brookfield Consortium and the Qube Consortium over a nine month period. While the offer price has not escalated dramatically, the competitive environment has transformed the offer into a 100% cash offer eliminating any of the uncertainties attached to any scrip component. As the end result of such a process, it is reasonable to assume that the terms of the Joint Consortium Proposal represent close to the maximum value realistically available to Asciano shareholders in the current market environment.

5.3 Reasonableness

As the Scheme is fair, it is also reasonable. In any event, there are a number of other factors that support a conclusion that the Scheme is reasonable and which Asciano shareholders should consider in determining whether or not to vote in favour of the Scheme. These factors are set out in the following sections.

5.3.1 Premium for Control

Takeover transactions are commonly analysed by reference to the extent of the control premium. The cash offered under the Scheme represents the following premiums to the price at which Asciano shares traded in the period prior to announcement of the initial approach from Brookfield Infrastructure on 1 July 2015:

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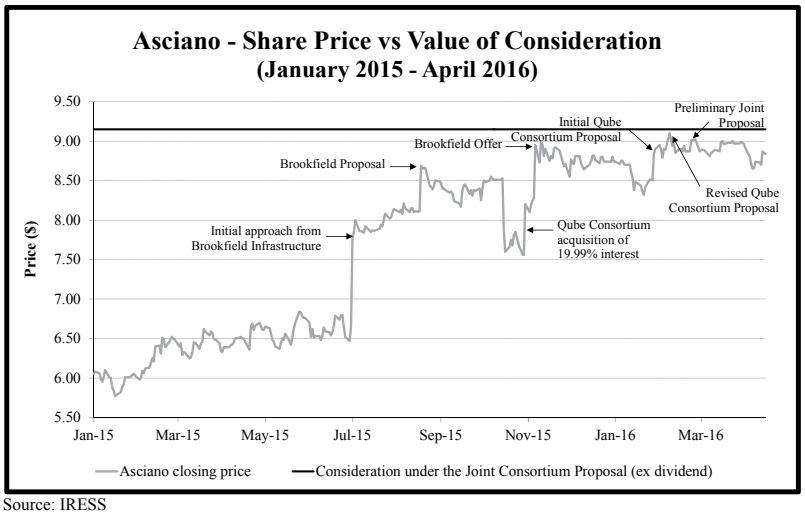
Premiums Implied by the Consideration Offered Under the Scheme			
Period	Asciano share price/VWAP ($)	Premium	
		Cum dividend ($9.28)	Ex dividend ($9.15)
Closing price on 30 June 2015	6.65	39.5%	37.6%
1 week VWAP to 30 June 2015	6.58	41.0%	39.0%
1 month VWAP to 30 June 2015	6.61	40.4%	38.5%
3 month VWAP to 30 June 2015	6.58	40.9%	39.1%
6 month VWAP to 30 June 2015	6.41	44.8%	42.8%

The premium based on daily Asciano share prices since 1 January 2015 can be depicted graphically:



Source: IRESS

The consideration offered under the Scheme represents substantial premiums for control (of 38-43% on an ex dividend basis) over undisturbed trading prices (i.e. prior to the announcement of the confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure on 1 July 2015). Premiums of this magnitude are above the level of control premiums typically expected in takeovers which tend to fall in the range 20-35%, but it is important to recognise that:

- premiums for control are an outcome not a determinant of value; and
- they vary widely depending on individual circumstances.

Premiums of around 40% are not necessarily uncommon, particularly where there is a contested, competitive process or where there are significant strategic and/or synergy benefits available to an acquirer but which are not available to portfolio investors in the normal course of events on a standalone basis.

In this case, the extent of the premium may be attributable to:

- the relatively modest ratings (in terms of earnings multiples relative to peer group companies) attributed by the Australian market to Asciano, reflecting the weak economic circumstances impacting on Asciano's businesses prior to announcement of

the confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure in July 2015 (e.g. soft volumes through ports and a challenging outlook for the coal sector);

- the competition between the Qube Consortium and the Brookfield Consortium to acquire Asciano;
- the synergies potentially available to:
  - Qube and Brookfield Infrastructure by:
    - integrating Qube's logistics activities with Patrick T&L; and
    - benefiting from Brookfield Infrastructure's ownership of container terminals in the United States and the United Kingdom; and
  - Qube by (potentially, subject to ACCC approval) moving from 50% to 100% ownership of AAT; and
- the relative scarcity of high quality rail and port operations.

5.3.2 Share Trading in the Absence of the Offer

In the absence of the Joint Consortium Proposal or any alternative offer, shareholders can only realise their investment by selling on the ASX at a price which does not include any premium for control and would incur transaction costs (e.g. brokerage). In these circumstances, assuming there is also no speculation as to an offer and based on undisturbed trading prices, it is likely that, under current market conditions, Asciano shares would trade at prices well below $9.15.

In this regard:

- the cash offer under the Scheme of $9.15 (after payment of the interim dividend) is above Asciano's highest trading price (prior to announcement of the confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure on 1 July 2015) since its refinancing in 2009 of $6.895 which occurred on 26 May 2015;
- in the six months prior to announcement of the confidential, indicative, non-binding and conditional proposal from Brookfield Infrastructure on 1 July 2015, Asciano shares traded in the range $5.70 to $6.895 and at a VWAP of $6.41; and
- Asciano's earnings profile and outlook have not changed materially since 1 July 2015. If anything, it is now slightly more subdued.

Accordingly, it is considered unlikely that Asciano shares would trade at or above $9.15 in the foreseeable future in the absence of the Joint Consortium Proposal or some other alternative offer.

5.3.3 Alternative Proposals

The Brookfield Offer was conditional on the Brookfield Consortium obtaining a relevant interest in at least 50.1% of Asciano's issued share capital. The Brookfield Offer closed on 18 February 2016 without meeting this condition and as a result, the Brookfield Offer has lapsed.

The Brookfield Proposal and the Qube Consortium Proposal have both been terminated. The Brookfield Proposal was terminated by Asciano following the Brookfield Consortium's failure to match the Qube Consortium Proposal, which was deemed a superior proposal by the Asciano Board. The Qube Consortium Proposal was terminated by mutual agreement following the announcement of the Joint Consortium Proposal.

Consequently, the Joint Consortium Proposal is the only proposal available to be considered by Asciano shareholders at this point in time.

It is theoretically possible that another party could come forward with an alternative proposal that is superior to the Joint Consortium Proposal. However, in Grant Samuel's opinion it is highly unlikely given:

- the fact that the two previously competing consortiums, the Brookfield Consortium and the Qube Consortium, have come together and put forward the Joint Consortium Proposal;
- the amount of time that has elapsed since the initial approach by Brookfield Infrastructure was first announced (over nine months) during which time so alternative offerors (other than the Qube Consortium) have contacted Asciano; and
- the scale of the financing task to put forward a competing offer.

In any event, there is a fallback position for Asciano shareholders. As part of the relief provided by ASIC, the Qube Consortium could be required to proceed with the Qube Consortium Proposal if the Joint Consortium Proposal is terminated for any reason, although it would not be required to do so unless Asciano enters into a new bid implementation agreement and share purchase agreements in the same or substantially the same form as those previously entered into.

5.4 Other Matters

5.4.1 Special Dividend

The consideration under the Scheme includes a fully franked special dividend of up to $0.90 per share. In Grant Samuel's opinion, it is not appropriate for the assessment of the Scheme to either:

- factor into the value of Asciano shares the value of accumulated franking credits; or
- include in the value of the consideration the value of the credits attached to the special dividend.

The reasons are manifold but not the least of these is that the franking credits do not have value to a company per se but only have value to the shareholders of a company (when attached to dividends) and the value of those credits to each shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of the consideration under a takeover offer or scheme comprises a franked dividend, 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). The following table sets out illustrative calculations for a variety of shareholder types:

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Franking Credit Benefit Analysis (cents)						
		Australian Resident Individual[40]				
	Foreign Shareholder[39]	45% Marginal Rate	30% Marginal Rate	0% Tax Rate	Australian Super-annuation Fund	Australian Corporation
90.0 cents received as a fully franked dividend						
Dividend	90.0	90.0	90.0	90.0	90.0	90.0
Franking credit	-	38.6	38.6	38.6	38.6	38.6
Gross taxable income	90.0	128.6	128.6	128.6	128.6	128.6
Tax payable	-	(63.0)	(41.1)	-	(19.3)	(38.6)
Tax credit	-	38.6	38.6	38.6	38.6	38.6
Net tax (payable)/refund	-	(24.4)	(2.6)	38.6	19.3	-
Net after tax cash income	**90.0**	**65.6**	**87.4**	**128.6**	**109.3**	**90.0**
90.0 cents received as a capital gain						
Capital gain	90.0	90.0	90.0	90.0	90.0	90.0
Tax payable	-	(22.1)	(14.4)	-	(9.0)	(27.0)
Net after tax cash income	**90.0**	**68.0**	**75.6**	**90.0**	**81.0**	**63.0**
Net benefit of dividend	**-**	**(2.4)**	**11.8**	**38.6**	**28.3**	**27.0**

Primarily, the benefits flow to Australian resident shareholders on lower tax rates (e.g. superannuation funds). There is nil benefit to foreign shareholders, while Australian resident shareholders on the top marginal tax rate would have been marginally better off receiving the amount as a capital gain.

5.4.2 ACCC Decision

On 30 March 2016, the ACCC announced that it would undertake an informal review of the Joint Consortium Proposal. The provisional date for announcement of the ACCC's decision is 26 May 2016, around one week before the scheduled date for the Scheme meeting on 3 June 2016. However:

- 26 May 2016 is a provisional date and could be deferred by the ACCC; and
- the ACCC's decision at this time may be a final decision or release of a statement of issues.

As a result, it is possible that Asciano shareholders will vote on the Scheme prior to the ACCC giving a final decision (unless the Scheme meeting is deferred), which creates uncertainty about the outcome of the Joint Consortium Proposal. If the ACCC releases a statement of issues, this could result in a significant delay before shareholders receive the $9.15 per share consideration, even if the final outcome is to approve the Joint Consortium Proposal.

However, the Joint Consortium has had extensive engagement with the ACCC in relation to the Qube Consortium Proposal and the Brookfield Proposal and the Joint Consortium Proposal has been structured to address potential competition issues. In particular:

- Brookfield Infrastructure will not acquire any interest in Pacific National; and

39 Assumes the same tax rate applies to dividend income and a capital gain for a foreign shareholder.

40 Assumes the shares have been held for more than 12 months and that the Medicare levy is 2% and the Temporary Budget Repair Levy (for incomes over $180,000) is 2%.

- Qube will not acquire any interest in BAPS (and any subsequent acquisition by Qube of the 50% interest in the AAT joint venture will be subject to separate ACCC review and approval).

5.4.3 Tax Consequences

Australian resident Asciano shareholders who hold their shares on capital account will realise a capital gain or a capital loss on disposal of their Asciano shares.

A capital gain should arise where the capital proceeds received exceed the shareholder's cost base for their Asciano shares. The special dividend should not form part of the capital proceeds. Asciano shareholders who have held their securities for at least 12 months prior to implementation should be entitled to discount the amount of any capital gain (after the application of capital losses) by 50%. A capital loss should arise where the shareholder's reduced cost base for their Asciano shares exceeds the capital proceeds.

The special dividend (including the franking credits attaching to the special dividend) will be included in the assessable income of Australian resident Asciano shareholders. A tax offset equal to the franking credit should be available to offset or reduce the resulting tax liability.

Non Australian resident Asciano shareholders should not be subject to Australian capital gains tax on any gain derived from the disposal of their Asciano shares but may have capital gains tax consequences in their home jurisdiction.

The analysis set out above outlines the major tax consequences of the Scheme and should be viewed as indicative only. It does not purport to represent formal tax advice regarding the taxation consequences of the Scheme for shareholders. Further details on the taxation consequences of the Scheme for Australian resident shareholders are set out in Section 7 of the Scheme Booklet. In any event, the taxation consequences for shareholders will depend on their individual circumstances. If in any doubt, shareholders should consult their own professional adviser.

5.4.4 Transaction Costs

If the Scheme is not approved by shareholders or otherwise not implemented, it is estimated that Asciano will meet costs (including legal and other adviser's fees as well as printing and mailing costs) of approximately $15 million (less than 2 cents per share). In certain circumstances, Asciano will also be liable to pay the Qube Consortium an $88 million break fee. If the Scheme becomes unconditional, all transaction costs (estimated at $44 million) will effectively be borne by the Joint Consortium.

5.5 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of Asciano.

In any event, the decision whether to vote in favour of or against the Scheme is a matter for individual shareholders based on each shareholder's 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. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, shareholders should consult their own professional adviser.

6 Evaluation of the Ports Transaction and the BAPS Transaction

6.1 Introduction

The Ports Transaction and the BAPS Transaction are two elements of the broader Joint Consortium Proposal and are designed to facilitate the Joint Consortium's restructuring of the ownership of Asciano's businesses. It is proposed that, in conjunction with the Scheme, Asciano will be broken up with members of the Joint Consortium taking different components of the Asciano business:

- Qube and the Brookfield Consortium will each acquire a 50% interest in Patrick T&L through the Ports Transaction;
- the Brookfield Consortium will acquire BAPS through the BAPS Transaction; and
- the BidCo Consortium (comprising CPPIB, GIP, Shunrong, GIC and bcIMC), which owns BidCo, will end up owning Pacific National as the only residual business of Asciano following completion of the Ports Transaction and the BAPS Transaction are completed.

Under the transactions:

- Patrick T&L will be sold to the Ports Consortium (comprising Qube and the Brookfield Consortium) for an enterprise value (i.e. debt free) of $2.915 billion[41]; and
- BAPS will be sold to the Brookfield Consortium for an enterprise value (i.e. debt free) of $925 million.

These prices are allocations of the aggregate price being paid by the Joint Consortium, with the balance of the enterprise value represented by the price of $9.15 per Asciano share (after payment of the interim dividend) being the effective price paid by the BidCo Consortium to acquire Pacific National.

The two transactions fall under a number of regulatory and legislative provisions including collateral benefits and related party provisions. To assist Asciano in providing all relevant information to Asciano shareholders on the Joint Consortium Proposal, the directors of Asciano have requested Grant Samuel to state whether or not, in its opinion:

- the Ports Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium; and
- the BAPS Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium.

6.2 Valuation

Grant Samuel's estimates of the fair market value of Patrick T&L and BAPS (including a premium for control) are set out in Section 4.4 and Section 4.5 of this report respectively.

The valuation of Asciano also includes a number of other items including:

- other assets and liabilities such as corporate properties, loans to associates, defined benefit plan liabilities and restructuring provisions; and
- non-controlling interests, specifically the 20% of Autocare owned by NYK.

[41] It is intended that Patrick T&L's 50% interest in the ACFS joint venture will be transferred to the Brookfield Consortium. If the Brookfield Consortium retains the interest or it is sold to a third party, Qube will receive an adjustment to its share of the purchase price for Patrick T&L equal to 50% of the agreed market value of the 50% interest in the ACFS joint venture or 50% of the net proceeds from the sale of the 50% interest in the ACFS joint venture to a third party. Accordingly, the purchase price of $2.915 billion includes the value of the 50% interest in the ACFS joint venture.

To align the valuation with the assets and liabilities being transferred under the Ports Transaction and the BAPS Transaction, it is necessary to adjust the valuations:

Adjusted Valuations ($ millions)				
	Patrick T&L		BAPS	
	Low	High	Low	High
Grant Samuel estimate of business value	**2,200.0**	**2,400.0**	**850.0**	**950.0**
Loans to associates	-	-	52.4	52.4
Restructuring provision	(0.4)	(0.4)	(6.5)	(6.5)
Non-controlling interest	-	-	(40.0)	(45.0)
Adjusted enterprise value	**2,199.6**	**2,399.6**	**855.9**	**950.9**

The allocation of these items (between Asciano's business divisions) is based on discussions with Asciano management. For the purpose of this analysis, it has been assumed that all of the corporate property and the defined benefit plan liability is attributable to Pacific National. However, neither Asciano nor Grant Samuel are privy to the agreements between the Joint Consortium members in relation to how the carve up of assets, liabilities and expenses will occur. Accordingly, the analysis is based on certain assumptions. Nevertheless, Grant Samuel does not believe that any differences to the actual allocations would make a material different to the outcome.

6.3 Analysis and Conclusion

Shareholders in Asciano are being offered a cash price of $9.15 per share (after payment of the interim dividend) and, arguably, the only relevant consideration is whether or not that represents "fair value". In other words, does a price of $9.15 correspond with the estimated full underling value of Asciano? As set out in Section 5, the price of $9.15 falls within Grant Samuel's value range of $8.27-9.25 per share (after payment of the interim dividend) and, accordingly, the Scheme is fair and reasonable. The Ports Transaction and the BAPS Transaction have no direct financial effect on this issue.

Nevertheless, to assist in providing all relevant information to Asciano shareholders on the Joint Consortium Proposal, the directors of Asciano have asked Grant Samuel to set out its opinion as to whether each of the Ports Transaction and the BAPS Transaction is fair and reasonable to Asciano shareholders other than the Joint Consortium.

There are no regulatory or other guidelines that provide a clear and unambiguous basis for evaluating the fairness or reasonableness of the Ports Transaction or the BAPS Transaction because the circumstances mean they are unlike a typical corporate control transaction. Moreover, the perspective for "fairness" for each of these requirements is different. In the absence of definitive guidance, Grant Samuel has assessed the two transactions on the basis set out below.

Related Party Transaction

The relevant test for a related party sale transaction is whether the sale price for each of Patrick T&L and BAPS is at least equal to the sale price that could be expected in a transaction between arm's length parties.

In the case of BAPS, the sale price of $925 million compares to the adjusted Grant Samuel valuation range of $855.9-950.9 million and, on this basis, the sale price is equivalent to an arm's length price.

In the case of Patrick T&L, the sale price of $2,915 million is substantially in excess of the adjusted Grant Samuel valuation range of $2,199.6-2,399.6 million and it is therefore arguable that the price is well in excess of an arm's length price (i.e. it is more than fair).

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Asciano - Valuation Summary Incorporating Ports Transaction and BAPS Transaction Sale Prices ($ millions)		
	Value Range	
	Low	High
Pacific National	8,750.0	9,250.0
Patrick T&L	2,915.0	2,915.0
BAPS	925.0	925.0
Corporate costs (net of savings)	(484.0)	(340.0)
Value of business operations	**12,106.0**	**12,750.0**
Other assets and liabilities	(50.3)	(50.3)
Enterprise value	**12,055.7**	**12,714.7**
Adjusted net borrowings	(3,079.6)	(3,079.6)
Value of equity	**8,976.1**	**9,635.1**
Number of issued shares (millions)	975.4	975.4
Value per share (cum dividend)	**$9.20**	**$9.88**
Interim dividend per share	(0.13)	(0.13)
Value per share (ex dividend)	**$9.07**	**$9.75**

Reasonableness

Under ASIC Regulatory Guide 111.12, a control transaction is "reasonable" if it is fair (refer to Section 2.2 of this report for further discussion).

Conclusion

Accordingly, in Grant Samuel's opinion:

- the Ports Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium; and
- the BAPS Transaction is fair and reasonable to the shareholders of Asciano other than the Joint Consortium.

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7 Qualifications, Declarations and Consents

7.1 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. Each has a significant number of years of experience in relevant corporate advisory matters and is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 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 Scheme is in the best interests of Asciano shareholders not associated with the Joint Consortium and whether the Ports Transaction and the BAPS Transaction are fair and reasonable to Asciano shareholders other than the Joint Consortium. 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 Scheme Booklet issued by Asciano and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

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

7.3 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, GIP, CPPIB, Shunrong, bcIMC, GIC, QIA, Brookfield Infrastructure or Qube, or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide unbiased opinions in relation to the Joint Consortium Proposal.

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 received a total fee (based on hours incurred) of less than $120,000 for this service;
- on 29 September 2015, it issued an independent expert's report in relation to the Brookfield Proposal. Grant Samuel received a fee of $1.1 million for this assignment; and

- on 11 December 2015, it issued a supplementary independent expert's report in relation to the Brookfield Offer. Grant Samuel received a fee of $50,000 for this assignment.

Grant Samuel had no part in the formulation of the Joint Consortium Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $350,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Joint Consortium Proposal. 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.

7.4 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.

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to accompany the Scheme Booklet 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.

7.6 Other

The accompanying letter dated 20 April 2016 and the Appendices form part of this report.

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

GRANT SAMUEL & ASSOCIATES PTY LIMITED
20 April 2016

Grant Samuel & Associates

GRANT SAMUEL

Appendix 1

Market Evidence Update

1 Listed Entities

1.1 Rail Transport

The trading multiples of selected listed rail transport companies are set out below:

Sharemarket Ratings of Selected Listed Rail Transport Companies

Company	Market Capitalisation (millions)	EBITDA[1] Multiple (times)			EBITA[2] Multiple (times)		
		historical	forecast year 1	forecast year 2	historical	forecast year 1	forecast year 2
Australia							
Aurizon	A$8,290	7.7	8.0	7.7	11.8	13.4	12.1
Europe							
VTG	€776	7.7	6.9	6.5	18.4	14.8	13.9
North America							
Union Pacific	US$67,332	7.6	8.2	7.7	9.2	10.4	9.8
Canadian National	C$63,824	12.9	10.9	10.3	15.8	13.3	12.5
Norfolk Southern	US$24,659	7.6	8.5	7.8	9.6	11.5	10.7
CSX	US$23,250	6.9	7.2	6.8	9.1	9.8	9.3
Canadian Pacific	C$26,395	11.9	9.8	9.2	14.4	12.0	11.3
Kansas City Southern	US$9,271	10.5	10.6	9.7	13.7	14.4	13.0
Genesee & Wyoming	US$3,620	10.4	10.1	9.5	14.9	15.8	14.7
Minimum		*6.9*	*7.2*	*6.8*	*9.1*	*9.8*	*9.3*
Maximum		*12.9*	*10.9*	*10.3*	*15.8*	*15.8*	*14.7*
Median		***10.4***	***9.8***	***9.7***	***13.7***	***12.0***	***11.3***

Source: Grant Samuel analysis[3]

The multiples shown above are based on sharemarket prices as at 31 March 2016 and do not reflect a premium for control.

All of the companies have a 31 December year end except for Aurizon Holdings Limited ("Aurizon") which has a 30 June year end. The historical multiples for Aurizon are for the year ended 30 June 2015 whereas the historical multiples for all of the other comparable companies are for the year ended 31 December 2015. In the case of VTG Aktiengesellschaft ("VTG"), while preliminary, unaudited results for the year ended 31 December 2015 were released on 23 February 2015, detailed audited financial information will not be released until VTG publishes its annual financial report on 5 April 2016. The preliminary unaudited results for the year ended 31 December 2015 included disclosure of revenue of EUR1,027.5 billion and EBITDA of EUR336.5 million. The announced EBITDA is not materially different from the brokers last twelve months

[1] Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA. EBITDA is earnings before net interest, tax, depreciation, amortisation and significant and non-recurring items.

[2] Represents gross capitalisation divided by EBITA. EBITA is earnings before net interest, tax, purchase price allocation amortisation (where appropriate) and significant and non-recurring items. For port operators, EBITA is also before amortisation of land use rights/concession rights.

[3] Grant Samuel analysis based on data obtained from IRESS, S&P Capital IQ, company announcements and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

("LTM") consensus EBITDA of EUR319.3 million. As a result, to enable the multiples to be shown on a consistent basis, Grant Samuel has shifted VTG's multiples so that the historical multiple is for the twelve months ended 31 December 2015 (and is based on the brokers LTM consensus).

A brief description of each company is set out in Appendix 3 to the First Asciano Report.

1.2 Container Port Operators

The trading multiples of selected listed container port operators are set out below:

Sharemarket Ratings of Selected Listed Container Port Operators

Company	Market Capitalisation (millions)	EBITDA Multiple (times)			EBITA Multiple (times)		
		historical	forecast year 1	forecast year 2	historical	forecast year 1	forecast year 2
Global							
DP World	US$15,596	10.3	8.9	8.4	12.7	10.8	10.1
ICTS	US$2,994	9.5	8.5	7.8	11.0	10.4	9.9
Europe							
Hamburger Hafen	€916	5.2	5.4[4]	4.9	9.3	10.1[4]	9.0
EUROKAI	€397	8.5	7.6	6.8	13.9	11.9	10.2
Global Ports	US$602	5.1	5.9	5.3	6.0	7.0	6.1
Asia							
Hutchison Trust	HK$33,775	10.2	10.0	10.0	12.4	12.5	12.3
COSCO Pacific	US$3,852	7.2	6.8	na	12.9	12.8	na
Minimum		*5.1*	*5.4*	*4.9*	*6.0*	*7.0*	*6.1*
Maximum		*10.3*	*10.0*	*10.0*	*13.9*	*12.8*	*12.3*
Median		***8.5***	***7.6***	***7.3***	***12.4***	***10.8***	***10.0***

Source: Grant Samuel analysis

The multiples shown above are based on sharemarket prices as at 331 March 2016 and do not reflect a premium for control. All of the companies have a 31 December year end. The historical multiples are for the year ended 31 December 2015, with the exception that for EUROKAI GmbH & Co. KGaA they are based on broker forecasts as it will not release detailed financial results for 2015 until the end of April 2016.

A brief description of each company is set out in Appendix 3 to the First Asciano Report.

At the time of the First Asciano Report, COSCO Pacific was in trading halt pending an announcement of a major restructuring announcement. The transaction was announced on 11 December 2015 and involved the acquisition of China Shipping Ports Developments Co., Ltd ("CSPD") (see Section 2.2), the sale of its container leasing business to China Shipping Containers Lines Company Limited ("CSCL") and the payment of a HK$0.80 special dividend per share. COSCO Pacific minority shareholders approved the restructuring on 1 February 2016 and all elements of the transaction completed on 24 March 2016. Following completion COSCO Pacific is a pure port operator focussed on container terminals and estimated to be the second largest container port operator globally (based on 2014 total throughput). As a consequence, although the COSCO Pacific share price reflects the transaction, the historical multiples are not meaningful and the forecast multiples may not fully reflect the restructured business.

[4] Based on midpoint of company guidance for 2016.

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1.3 Diversified and Bulk Ports and Associated Services

The trading multiples of selected listed companies providing diversified and bulk port and associated services are set out below:

Sharemarket Ratings of Listed Diversified and Bulk Ports and Associated Services Companies

Company	Market Capitalisation (millions)	EBITDA Multiple (times)			EBITA Multiple (times)		
		historical	forecast Year 1	forecast Year 2	historical	forecast Year 1	forecast Year 2
Diversified and Bulk Ports							
China Merchants	HK$71,680[5]	8.6	8.2	7.7	11.9	11.9	11.1
Port of Tauranga	NZ$2,498	20.3	20.2	18.2	24.4	24.5	21.6
Dalian Port	RMB$29,308	19.9	na	na	37.8	na	na
Xiamen International	RMB$3,604	9.3	6.6	na	13.0	9.0	na
Luka Koper	€328	5.4	5.2	4.9	8.8	8.2	9.1
Freight and Logistics							
Qube	A$2,555	9.0	9.4	9.1	14.3	16.8	14.0
Mainfreight	NZ$1,598	10.9	9.7	8.4	13.8	12.3	10.3
Minimum		*5.4*	*5.2*	*4.9*	*8.8*	*8.2*	*9.1*
Maximum		*20.3*	*20.2*	*18.2*	*37.8*	*24.5*	*21.6*
Median		***9.3***	***8.8***	***8.4***	***13.8***	***12.0***	***11.1***

Source: Grant Samuel analysis

The multiples shown above are based on sharemarket prices as at 31 March 2016 and do not reflect a premium for control. Most of the companies have a 31 December year end except for Mainfreight Limited ("Mainfreight") which has a 31 March year end and Qube Holdings Limited ("Qube") and Port of Tauranga Limited ("PoT") which have a 30 June year end. The historical multiples are for 31 December 2015 and 30 June 2015 (as applicable) but for Mainfreight are based on broker forecasts for the year ended 31 March 2016.

A brief description of each company is set out in Appendix 3 to the First Asciano Report.

[5] Including unlisted mandatory convertible notes issued in June 2014.

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2 Transactions

2.1 Rail Transport

Set out below is a summary of transactions involving businesses in the rail sector over recent years for which there is sufficient information to calculate meaningful valuation parameters:

Recent Transaction Evidence – Rail Transport

Date	Target	Transaction	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
				historical[6]	forecast	historical	forecast
Dec 15	Norfolk Southern	Proposed acquisition by Canadian Pacific	US$38,138	9.7	9.6	13.2	12.9
Feb 15	Freightliner	Acquisition of a 94% stake by Genesee & Wyoming	£542	na	9.0	na	12.9
Nov 14	Arkansas Division of Pinsly Railroad Company of Westfield Mass.	Acquisition by Genesee & Wyoming	US$40	na	7.4[7]	na	na
Jul 12	RailAmerica	Acquisition by Genesee & Wyoming	US$2,042	11.7	9.7	16.1	13.6
Jun 10	Freightlink	Acquisition by Genesee & Wyoming	A$334	na	8.0	na	10.2
Jun 10	GBRf	Acquisition by Groupe Eurotunnel	£26	na	na	na	17.3
Mar 10	South Spur Rail Services Pty Ltd	Acquisition by P&O Trans Services Australia	A$27	na	na	na	na
Nov 09	Burlington Northern Santa Fe	Acquisition by Berkshire Hathaway	US$43,600	9.1	8.4	13.4	12.1
Aug 08	Ohio Central Railroad System	Acquisition by Genesee & Wyoming	US$244	na	7.3	na	11.7
Jun 08	Freightliner	Acquisition by Arcapita	£200	5.9	na	9.2	na
Jun 07	English Welsh and Scottish Railway	Acquisition by Deutsche Bahn	£300	14.0	na	20.5	na
May 07	Florida East Coast Industries	Acquisition by Fortress Investment Group	US$3,500	33.8	na	36.3	na

6 Historical multiples are based on the most recent publicly available full year earnings prior to the transaction announcement date. Forecast multiples are based on company published earnings forecasts or brokers' reports available at transaction announcement date.

7 The implied EBITDA multiple for the acquisition of the Arkansas Division of Pinsly Railroad Company of Westfield Mass. included certain net cost savings.

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Recent Transaction Evidence – Rail Transport							
Date	Target	Transaction	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
				historical[6]	forecast	historical	forecast
Nov 06	RailAmerica	Acquisition by Fortress Investment Group	US$1,058	12.8	na	20.6	na

Source: Grant Samuel analysis[8]

Brief summaries of each of these transactions (up to September 2015) are set out in Appendix 4 to the First Asciano Report. The only rail transaction since publication of the First Asciano Report has been the proposed acquisition of Norfolk Southern Corporation ("Norfolk Southern") by Canadian Pacific Railway Limited ("Canadian Pacific"). Details of this proposed transaction are set out below.

Norfolk Southern Corporation/Canadian Pacific Railway Limited

On 17 November 2015, Canadian Pacific announced that it had proposed a business combination with Norfolk Southern under which Norfolk Southern shareholders would receive a combination of US$46.72 cash plus 0.348 shares of stock in a new company that would own Canadian Pacific and Norfolk Southern, for each Norfolk Southern share held. The proposal had a value of US$126.18 (based on a market value for the stock in the combined company of US$270.68 at closing (following receipt of regulatory approvals) in December 2017, on a present value basis) and represented a 59% premium to Norfolk Southern's 45 day volume weighted average price of US$79.14. The proposal was non-binding and subject to satisfactory completion of due diligence, negotiation of definitive agreements and necessary Board, shareholder and regulatory approvals.

The combination of Canadian Pacific and Norfolk Southern would create a transcontinental railroad with the scale and reach to deliver improved levels of service to customers and was expected to create significant shareholder value through substantial operating synergies of US$1.8 billion expected to be achieved over the next several years.

On 8 December 2015, following concerns raised by Norfolk Southern relating to the financial adequacy of the proposal and the regulatory risk, Canadian Pacific:

- increased its proposal to US$32.86 in cash plus 0.451 shares of the stock in the combined Canadian Pacific-Norfolk Southern company (estimated to be worth US$125-140 per share at the closing of the transaction in May 2016 and representing a 58-77% premium to Norfolk Southern's unaffected price of US$79.14 per share); and
- proposed closing the transaction into a voting trust in May 2016.

The Norfolk Southern Board continued to reject the business combination on the grounds of financial inadequacy and regulatory risk. On 16 December 2015, Canadian Pacific announced a further revised offer of US$32.86 in cash, 0.451 shares of the stock in the combined Canadian Pacific-Norfolk Southern company and 0.451 of a contingent right. The contingent value right would entitle the holder to receive a cash payment from Canadian Pacific equal to the difference between the Canadian Pacific-Norfolk Southern share price during the relevant measurement period (20 April 2017 to 20 October 2017) and US$175 per share, up to a maximum value of US$24 a share.

[8] Grant Samuel analysis based on data obtained from IRESS, S&P Capital IQ, company announcements, transaction documentation and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each transaction depends on analyst coverage, availability and corporate activity.

It is unclear at this stage if the proposed acquisition will proceed. The most recent move has been Canadian Pacific notifying Norfolk Southern that it intends to submit a resolution to Norfolk Southern shareholders at their annual meeting to ask their board of directors to engage in discussions with Canadian Pacific regarding a business combination transaction. This annual meeting is not expected to be held until May 2016.

2.2 Container Port Operations

Set out below is a summary of transactions involving businesses with container port operations since 2008 for which there is sufficient information to calculate meaningful valuation parameters:

Recent Transaction Evidence – Container Port Operations

Date	Target	Transaction	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
				historical	forecast	historical	forecast
Europe							
Nov 15	DP World Southampton	Acquisition of remaining 49% by DP World	£171	6.1	na	9.6	na
Sep 15	Mota-Engil ports and logistics assets	Acquisition by Yilport Holding	€330	13.2	na	na	na
Sep 13	NCC Group	Acquisition by Global Ports Investments	US$1,568	9.2	na	11.4	na
	Core business of NCC Group	Acquisition by Global Ports Investments	US$1,246	7.6	na	9.5	na
Sep 12	Global Ports Investments	Acquisition of 37.5% interest by APM Terminals	US$2,300	8.2	8.0	9.6	9.8
Australia							
Jul 12	Adelaide Container Terminal	Acquisition of remaining 60% by Flinders Ports	A$236	12.4	na	15.4	na
Dec 10	DP World Australia	Acquisition of 75% by Citi Infrastructure Investors	A$1,817	12.7	11.5	na	na
Asia							
Oct 15	NCB Holdings	Acquisition of remaining 69.9% by MMC Port Holdings	MYR2,128	16.8	12.7	107.2	47.2
Dec 15	China Shipping Ports Development	Acquisition by COSCO Pacific	HK$3,327	22.9	16.4[9]	75.4	32.0[9]

Source: Grant Samuel analysis

Brief summaries of each of these transactions (up to September 2015) are set out in Appendix 4 to the First Asciano Report. There have been a number of container port operations transactions announced since completion of the First Asciano Report (primarily in Europe and Asia) but only four for which meaningful valuation parameters can be calculated. Details of these four transactions are set out below.

[9] Based on annualised earnings for the nine months ended 30 September 2015.

DP World Southampton / DP World Limited

On 2 November 2015, DP World Limited ("DP World") and Associated British Ports Holdings Limited ("ABP") (which develops, owns and operates port facilities and provides related services in the United Kingdom) announced a 25 year extension (to 2047) of the license agreement held by Southampton Container Terminals Limited (trading as "DP World Southampton") for the provision of container and other cargo handling services at the Port of Southampton. At the same time, DP World announced that it had acquired ABP's 49% interest in DP World Southampton, making it the sole owner of the business. While the multiples implied by the transaction are consistent with other recent European transactions, it should be noted that the transaction was undertaken between the two shareholders of DP World Southampton (and was likely undertaken in accordance with the terms of a shareholders agreement), related to a 49% (non-controlling) interest and occurred at the same time as the extension of the licence agreement. Consequently, it is unclear if the multiples implied by the transaction reflect an arm's length market value (although both parties are sophisticated port owner/operators).

Ports and logistics assets of Mota-Engil Logistica SGPS, SA / Yilport Holding AS

On 29 September 2015, Turkish port operator Yilport Holdings AS ("Yilport") announced that it had acquired the port and logistics assets of Portuguese listed company Mota-Engil Logistica SGPS, SA ("Mota-Engil") for €275 million. These assets include a 63.125% in TERTIR, SA, the port portfolio of which comprises eight container terminals (annual handling capacity of 2.7 million TEU) and two bulk and grain terminals (annual capacity of around 4.5 million tons). Seven of the terminals are in Portugal, two in Spain and one in Peru (50% interest). The logistics business acquired specialises in door-to-door transport services in Portugal and Spain. In a related transaction, Yilport acquired the remaining 36.875% interest in TERTIR, SA for €60 million. The multiples presented related only the acquisition of the Mota-Engil assets.

NCB Holdings Bhd / MMC Port Holdings Sdn Bhd

NCB Holdings Bhd ("NCB") is a listed company providing port and logistics services in Malaysia. It operates Northport which is situated at Port Klang comprising four multi-purpose container terminals as well as conventional cargo terminals (including for bulk, liquid and vehicle cargo). It also has logistics and haulage operations. On 19 October 2015, MMC Port Holdings Sdn Bhd ("MMC") announced the acquisition of the remaining 69.9% of NCB that it did not already own in two transactions. The first transaction was the acquisition of 53.42% from two shareholders (taking MMC's interest to 83.55%) and the second transaction was a mandatory general offer to minority shareholders on the same terms. Port operations contributed revenue of MYR587 million and EBIT of MYR73 million in the year ended 31 December 2014 while the logistics operations generated MYR244 million in revenue but incurred an EBIT loss of MYR58 million. The historical multiples implied by the transaction are relatively high reflecting both the price paid (which commentators considered generous due to synergies available to MMC) and recent poor performance of the logistics operations. The forecast multiples are also towards the high end of other transaction evidence.

China Shipping Ports Development Co., Ltd / COSCO Pacific Limited

On 11 December 2015, as a consequence of reform of state owned enterprises and revised strategies for the shipping industry in the People's Republic of China, holding companies China Shipping Containers Lines Company Limited ("CSCL") and China COSCO Holdings Company Limited ("China COSCO") announced a major restructuring of their businesses. The inter-conditional transactions in the wider restructuring included the sale by CSCL of China Shipping Ports Developments Co., Ltd ("CSPD") to COSCO Pacific and the sale by COSCO Pacific of its container leasing business to CSCL. CSPD holds investments in a number of companies operating container terminals in various jurisdictions worldwide (including Hong Kong, Taiwan, Belgium, United States and China), providing loading, storage and maintenance services. Following the transaction, China COSCO will continue to own a 44.8% interest in COSCO Pacific which will be a pure port operator focused on the container terminal business. COSCO Pacific will be the second largest container port operator globally (in terms of 2014 total throughput).

The transactions in the wider restructuring were subject to the approval of shareholders not associated with the restructuring and were undertaken based on independent valuations prepared by China Tong Cheng Assets Appraisal Co., Ltd (generally at 30 September 2015). The forecast multiples implied by the transaction are relatively high possibly reflecting that they are based on annualised actual earnings for the nine months to 30 September 2015 and the potential for synergies.

2.3 Diversified and Bulk Ports and Associated Services

Set out below is a summary of transactions involving diversified and bulk port operators and providers of associated logistics and other port services since 2008 for which there is sufficient information to calculate meaningful valuation parameters:

Recent Transaction Evidence – Diversified and Bulk Ports and Associated Services

Date	Target	Transaction	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
				historical	forecast	historical	forecast
Diversified and Bulk Ports							
Australia and New Zealand							
Aug 14	Lyttelton Port Company	Acquisition of remaining 20.4% by Christchurch City Holdings	NZ$422	11.6	15.3[10]	16.4	na
May 12	Port of Portland	Acquisition of 50% by Palisade Ports	A$197	9.0	na	na	na
Oct 09	Dalrymple Bay Coal Terminal	Acquisition by Brookfield Asset Management	na[11]	14.4	10.0	na	na
International							
Feb 16 (pending)	Piraeus Port Authority SA	Acquisition by China COSCO	€597	29.2	na	94.2	na
Dec 15 (pending)	Prumo Logística	Acquisition of remaining 25.8% by EIG Global Energy Partners	BRL1,539	na	9.9	na	20.3
Jul 15	Raven Energy	Acquisition by Suncoke Energy Partners	US$473	10.7	6.9	12.8	na
Jan 15	Integrax	Acquisition by Tenaga	MYR766	14.3	12.9	20.6	21.2
Mar 11	Forth Ports	Acquisition by Arcus Infrastructure Partners	£658	11.2	11.2	14.5	14.5
Oct 10	Primorsk Trade Port	Acquisition by Novorossiysk Commercial Sea Port	US$2,503	19.0[12]	na	na	na

[10] Calculated by reference to the EBITDA for 30 June 2015 used by the Independent Adviser's to review its valuation of LPC (see Section 4.3.2 of the Independent Adviser's Report). This source indicated that EBITDA for 2015 is expected to be lower than for 2014, which may reflect a supply chain reconfiguration that was underway at the time of the transaction as well as implications for LPC's trading as a result of the redevelopment plan.

[11] As part of recapitalisation of Babcock & Brown Infrastructure, Brookfield Asset Management subscribed for $295 million of convertible notes and other agreements representing a 49.9% economic interest in Dalrymple Bay Coal Terminal.

[12] PTP's historical financial performance was impacted by weakness in the Russian rouble relative to the United States dollar. On a stable exchange rate basis the implied multiple decreases to 14.8 times.

Recent Transaction Evidence – Diversified and Bulk Ports and Associated Services							
Date	Target	Transaction	Consid-eration (millions)	EBITDA Multiple (times)		EBITA Multiple (times)	
				historical	forecast	historical	forecast
Oct 09	PD Ports	Acquisition by Brookfield Partners & Brookfield Asset Management	£315	9.7	na	na	na
Mar 09	Tianjin Port Co	Acquisition of 56.8% by Tianjin Port Development Holdings	HK$19,294	11.2	8.5	15.7	12.1
Stevedoring, Port Services and Logistics							
Jan 16	Sociedad Matriz	Acquisition of 7.35% by Luksic Group	US$640	7.0	6.3	15.6	12.5
Dec 14	ISO	Acquisition by Qube	A$73	na	na	na	6.1
Nov 12	C3	Acquisition of remaining 50% by Asciano	NZ$132	5.8	5.5	7.5	7.3
Feb 12	Giacci Holdings	Acquisition by Qube	A$146-127	6.0-6.9	5.3-6.1	11.9-13.6	10.6-12.1
Sep 11	Lehnkering	Acquisition by Imperial Holdings	€270	6.1	na	9.6	na

Source: Grant Samuel analysis

Brief summaries of each of these transactions (up to September 2015) are set out in Appendix 4 to the First Asciano Report. There have been a number of transactions involving diversified and bulk ports and associated services announced since completion of the First Asciano Report but only four for which meaningful valuation parameters can be calculated. Details of these four transactions are set out below.

Piraeus Port Authority S.A. / China COSCO Holdings Company Limited

Piraeus Port Authority S.A. ("PPA") provides port services at the port of Piraeus in Greece, is listed on the Athens stock exchange and is 83% owned by Hellenic Republic Asset Development Fund (Greek Government). PPA provides port services, cargo stevedoring and storage services, car stevedoring services and storage, services to cruise and coastal passengers and auxiliary services to ships. It is also involved in the development of a freight hub, leasing of space, machinery and transportation and the provision of advice in relation to the development and management of port infrastructure, port services and marine tourism.

In May 2015, the Greek Government commenced a process to sell a majority interest in PPA. The only bid received was from China COSCO in December 2015. On 17 February 2016, China COSCO was confirmed as the preferred investor for the acquisition of 67% for €550 million with completion subject to approval of competent authorities. The multiples implied by the transaction are high reflecting both the difficult market conditions in Greece and that the transaction is effectively a privatisation (albeit 17% of PPA's issued share capital was already held by private investors and listed on the stock exchange).

Prumo Logística S.A. / EIG Global Energy Partners

On 7 December 2015 EIG Global Energy Partners announced a tender offer for the 25.8% of the Brazilian listed company Prumo Logística S.A. ("Prumo") that it did not already own for BRL1.15 per share. Prumo was established to develop integrated logistics and infrastructure ventures mainly in the port sector. It has developed the Açu Port and its operations consist of storing, transporting and shipping iron ore, general cargo, solid bulk (ore, agricultural and processed), liquid bulk and leasing out its landside yard. It commenced shipping activities at terminals 1 and 2 in the last quarter of 2014. Prumo's activities are at an early phase of development and it has been facing challenging market conditions.

Raven Energy LLC / Suncoke Energy Partners, L.P.

On 20 July 2015, Suncoke Energy Partners L.P. ("Suncoke") announced the acquisition of Raven Energy LLC ("Raven Energy") for US$412 million. Raven Energy operates the Convent Marine Terminal, one of the largest export terminals on the United States Gulf Coast for coal and other industrial materials. Supporting low cost Illinois Basin coal producers, the terminal has direct rail access and the capability to transload around 15 million tons of coal annually. The historical multiples implied by the transaction relate to the year ended 31 December 2014 while the forecast multiples are for the year ending 31 December 2016 (current year 2015 multiples are not available). In any event, recent capital expenditure of US$120 million means that the historical and current year earnings are not reflective of future earnings and the multiples implied by those earnings would not be meaningful.

Sociedad Matriz SAAM S.A. / Luksic Group

On 12 January 2016, Luksic Group announced that it had acquired an additional 7.35% interest in Chilean listed company Sociedad Matriz SAAM S.A. ("Matriz") for US$51 million to take its interest to 49.75%. Matriz provides tugboat, port terminal and logistics services in the Americas. Its tugboat operations are primarily located in Central and South America and it provides port operator and logistics services in Chile, the United States, Ecuador and Colombia. The tugboat operations accounts for around 65% of EBITDA while the port operations contribute around 32%. Although the transaction relates to the acquisition of a minority interest (7.35%), the stake acquired was the second largest (and longstanding) shareholding in Matriz and increased the Luksic Group's effective control of Matriz to 49.75%. On the other hand, as the port and logistics operations are not the major contributors to earnings, the multiples implied by this transaction may be less meaningful.

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Appendix 2

Broker Consensus Forecasts Update

Asciano has not publicly released earnings forecasts for the year ending 30 June 2016. Accordingly, the prospective multiples implied by the valuation of Asciano and its business divisions in the Grant Samuel report are based on median broker forecasts. These forecasts are sufficiently close to Asciano's FY16 (6+6) forecast to be useful for analytical purposes[1].

Set out below is a summary of forecasts prepared by brokers that follow Asciano in the Australian stockmarket:

Asciano – Broker Forecasts ($ millions)					
		Year ending 30 June 2016			
Broker	Date	Total Revenue[2]	Underlying EBITDA[3]	Underlying EBITA[4]	Underlying EBIT[5]
Broker 1	25 February 2016	3,764.0	1,168.0	824.0	794.0
Broker 2	24 February 2016	3,795.0	1,184.0	835.0	805.0
Broker 3	24 February 2016	3,938.0	1,215.0	825.0	795.0
Broker 4	24 February 2016	3,656.0	1,166.0	823.0	793.0
Broker 5	24 February 2016	3,829.0	1,194.0	833.0	803.0
Broker 6	24 February 2016	3,702.2	1,164.3	807.7	777.7
Broker 7	24 February 2016	3,672.0	1,173.0	822.0	792.0
Minimum		*3,656.0*	*1,164.3*	*807.7*	*777.7*
Maximum		*3,938.0*	*1,215.0*	*835.0*	*805.0*
Median		***3,764.0***	***1,173.0***	***824.0***	***794.0***
Average		*3,765.2*	*1,180.6*	*824.2*	*794.2*

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data the following should be noted:

- the forecasts presented above represent the latest available broker forecasts for Asciano;
- the brokers presented are those who have published research on Asciano following Asciano's announcement of its financial results for the six months ended 31 December 2015 on 24 February 2016. Four brokers that followed Asciano at the time that the First Asicano Report was prepared have not published research on Asciano subsequent to 24 February 2016;
- other brokers that have historically followed Asciano have not released any research on Asciano that includes earnings forecasts subsequent to Asciano's announcement of its financial results for the six months ended 31 December 2015 on 24 February 2016;
- the broker forecasts do not separate amortisation of customer contracts and relationships (that arises as a result of acquisitions) from depreciation and amortisation. Given the distortion that amortisation of customer contracts and relationships has on EBIT, Grant Samuel has valued Asciano by considering multiples of EBITA and therefore amortisation of customer contracts and relationships should be excluded from the earnings parameters. In the table above, Grant Samuel has attempted to present the broker

[1] Except for BAPS' EBITDA, which is addressed below.

[2] Total revenue includes other income and rail access charges.

[3] Underlying EBITDA is earnings before net interest, tax, depreciation and amortisation and material items. It includes the NPAT contribution from associates and joint ventures.

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

[5] Underlying EBIT is earnings before net interest, tax and material items. It includes the NPAT contribution from associates and joint ventures.

earnings forecasts on a common basis by adding an amount of $30.0 million (as an estimate of FY16 amortisation of customer contracts and relationships) to EBIT to determine EBITA; and

- as far as is possible to identify from a review of the brokers' reports, Grant Samuel believes that the earnings forecasts do not incorporate any one-off adjustments or non-recurring items, other than those included in the financial results for the six months ended 31 December 2015.

Set out below is a summary of forecasts for each of Asciano's business divisions prepared by brokers that follow Asciano in the Australian stockmarket:

Pacific National

Pacific National – Broker Forecasts ($ millions)					
		Year ending 30 June 2016			
Broker	**Date**	**Total Revenue**	**Underlying EBITDA**	**Underlying EBITA**	**Underlying EBIT**
Broker 1	25 February 2016	2,437.0	-	634.3	606.0
Broker 2	24 February 2016	2,544.0	875.0	-	-
Broker 3	24 February 2016	2,473.0	-	636.3	608.0
Broker 4	24 February 2016	-	-	640.0	611.7
Broker 5	24 February 2016	2,412.0	-	653.3	625.0
Minimum		*2,412.0*	*875.0*	*634.3*	*606.0*
Maximum		*2,544.0*	*875.0*	*653.3*	*625.0*
Median		***2,455.0***	***875.0***	***638.2***	***609.9***
Average		*2,466.5*	*875.0*	*641.0*	*612.7*

Source: Brokers' reports, Grant Samuel analysis

Patrick Terminal & Logistics

Patrick Terminals & Logistics – Broker Forecasts ($ millions)					
		Year ending 30 June 2016			
Broker	**Date**	**Total Revenue**	**Underlying EBITDA**	**Underlying EBITA**	**Underlying EBIT**
Broker 1	25 February 2016	638.0	-	171.0	171.0
Broker 2	24 February 2016	691.0	223.0	-	-
Broker 3	24 February 2016	613.0	-	166.0	166.0
Broker 4	24 February 2016	-	-	153.1	153.1
Broker 5	24 February 2016	605.0	-	163.0	163.0
Minimum		*605.0*	*223.0*	*153.0*	*153.0*
Maximum		*691.0*	*223.0*	*171.0*	*171.0*
Median		***625.5***	***223.0***	***164.5***	***164.5***
Average		*636.8*	*223.0*	*163.3*	*163.3*

Source: Brokers' reports, Grant Samuel analysis

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Patrick Bulk & Automotive Port Services

Patrick Bulk & Automotive Port Services – Broker Forecasts ($ millions)					
		Year ending 30 June 2016			
Broker	**Date**	**Total Revenue**	**Underlying EBITDA**	**Underlying EBITA**	**Underlying EBIT**
Broker 1	25 February 2016	733.0	-	69.1	68.0
Broker 2	24 February 2016	697.0	94.0	-	-
Broker 3	24 February 2016	698.0	-	77.7	76.0
Broker 4	24 February 2016	-	-	82.4	80.7
Broker 5	24 February 2016	605.0	-	60.7	59.0
Minimum		*605.0*	*94.0*	*60.7*	*59.0*
Maximum		*733.0*	*94.0*	*82.4*	*80.7*
Median		***697.5***	***94.0***[6]	***73.7***	***72.0***
Average		*683.3*	*94.0*	*72.6*	*70.9*

Source: Brokers' reports, Grant Samuel analysis

When reviewing this data the following should be noted:

- only five of the seven brokers that have published research on Asciano following Asciano's announcement of its financial results for the six months ended 31 December 2016 on 24 February 2016 provided forecasts by business division;
- amortisation of customer contracts and relationships only impacts Pacific National and BAPS; and
- only one broker provides forecasts for EBITDA. All other brokers only provide forecasts for EBIT. For Pacific National and Patrick T&L, the EBITDA forecasts are sufficiently close to the business division forecasts in Asciano's FY16 (6+6) forecast to be useful for analytical purposes. However, the forecast EBITDA for BAPS is materially different from the forecast BAPS EBITDA in Asciano's FY16 (6+6) forecast. Consequently, Grant Samuel has not used the broker consensus forecast of FY16 EBIDA for BAPS for valuation purposes. To enable forecast EBITDA multiples to be considered, Grant Samuel has calculated an EBITDA for BAPS based on the broker consensus forecast EBITA and adding back the FY16 (6+6) forecast depreciation and amortisation charge of $32.3 million. The resulting FY16 EBITDA of $106.0 million is sufficiently close to the forecast BAPS EBITDA in Asciano's FY16 (6+6) forecast (prior to one off adjustments) to be useful for analytical purposes.

[6] This forecast EBITDA is not used for valuation purposes. Refer to the commentary below the table for details and how the forecast FY16 EBITDA for BAPS of $106.0 million has been calculated.

B. Scheme Implementation Deed

asciano

Annexure B – Scheme Implementation Deed

Allens > < Linklaters

Scheme Implementation Deed

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Allens is an independent partnership operating in alliance with Linklaters LLP.

Annexure B – Scheme Implementation Deed

Contents

Scheme Implementation Deed

Allens > < Linklaters

This Deed is made on 15 March 2016

Parties

1 **Global Infrastructure Management Australia Pty Limited** (ACN 132 664 745) in its capacity as trustee of the **GIP Bell Australia Unit Trust** of Level 17, Gateway Building, 1 Macquarie Place, Sydney NSW 2000 (***GIP***).

2 **Canada Pension Plan Investment Board**, a Canadian Crown corporation of One Queen Street East, Suite 2500, Toronto, Ontario, Canada M5C 2WC (***CPPIB***).

3 **Beijing Shunrong Investment Corporation** of 1939, 19/F, No. 1 Chaoyangmen Beidajie, Dongcheng District, Beijing, 100010, China (***Shunrong***).

4 **Buckland Investment Pte Ltd** of 168 Robinson Road #37-01 Capital Tower Singapore 068912 (***GIC***).

5 **bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust** of Suite 300, 2950 Jutland Road, Victoria, British Columbia, V8T 5K2 Canada (***bcIMC***).

6 **Brookfield Infrastructure Partners Limited** (***BIPL***) **as general partner of Brookfield Infrastructure Partners LP** (***BIP***) of 73 Front Street Hamilton, HM 12, Bermuda and **BIF II GP Bermuda Limited as general partner** (***BIF II GP***) **of BIF II Nitro AIV (Bermuda) LP** (***BIF II***) of 73 Front Street Hamilton, HM 12, Bermuda (collectively ***Brookfield***).

7 **Asciano Investment Company** of Q-Tel Tower, Diplomatic Area Street, West Bay, Doha, Qatar (***QH Investco***).

8 **Qube Holdings Limited** (ACN 149 723 053) of Level 27, 45 Clarence Street Sydney NSW 2000 (***Qube***).

9 **Asciano Limited** (ACN 123 652 862) of Level 6, 15 Blue Street North Sydney, NSW 2060 (***Asciano***).

Recitals

A The Rail Consortium (via BidCo) proposes to:

(i) acquire all of the Asciano Shares (other than the 379,863,196 Asciano Shares held by the Excluded Shareholders) by means of the Scheme; and

(ii) acquire the 379,863,196 Asciano Shares held by the Excluded Shareholders by means of the Conditional Transfer Agreements,

for a consideration of A$9.15 per Asciano Share, less the amount of the Asciano Permitted Special Dividend on a per Asciano Share basis. Asciano will also be permitted to pay the Asciano Interim Dividend of A$0.13 per Asciano Share as announced by Asciano to the ASX on 24 February 2016, with no reduction to the Scheme Consideration.

B The parties have agreed that Asciano may pay to Asciano Shareholders a fully franked Asciano Permitted Special Dividend of up to A$0.90 per Asciano Share, such dividend to be paid on the Special Dividend Payment Date, which is after the Effective Date of the Scheme and prior to the Scheme Record Date.

C Immediately prior to implementation of the Scheme:

(i) Asciano will sell, and the Ports Consortium (via Ports HoldCo) will purchase, the holding

company of the Ports Businesses on the terms of the Ports SPA, such acquisition to be conditional on the Scheme becoming Effective; and

(ii) Asciano will sell, and the BAPS Consortium (via BAPS HoldCo) will purchase, the holding company of the BAPS Businesses on the terms of the BAPS SPA, such acquisition to be conditional on the Scheme becoming Effective.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out in Schedule 1.

1.2 Interpretation

Schedule 1 contains interpretation rules for this deed.

1.3 Deed components

This deed includes any schedule to it.

2 Agreement to proceed with the Transactions

(a) Asciano agrees to propose the Scheme on and subject to the terms and conditions of this deed.

(b) The Rail Consortium agrees to:

(i) assist Asciano to propose the Scheme; and

(ii) procure BidCo to assist Asciano to propose the Scheme,

on and subject to the terms and conditions of this deed.

(c) The Ports Consortium and BAPS Consortium agree to assist Asciano to propose the Scheme, on and subject to the terms and conditions of this deed.

(d) The parties agree to implement the Transactions on and subject to the terms and conditions of this deed and the Sale Agreements to which they are party.

3 Conditions Precedent and pre-implementation steps

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective, and the obligations of the Rail Consortium and BidCo under clause 4.4 are not binding, until each of the following Conditions Precedent is satisfied or waived to the extent and in the manner set out in this clause 3.

(a) **Regulatory Approvals:** Before 8.00am on the Second Court Date:

(i) **FIRB:**

(A) (**Acquisition of Asciano Shares**) Either:

(1) the Treasurer of the Commonwealth of Australia (or his delegate) provides written notice to the Rail Consortium that there are no objections under the FATA to the acquisition by BidCo of the Asciano Shares under the Scheme and the Conditional Transfer Agreements, and of any direct or indirect investment by the Rail Consortium Members or their respective Related Bodies

Corporate in BidCo, and that notice is not subject to any conditions; or

(2) the Treasurer of the Commonwealth of Australia becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition by BidCo of the Asciano Shares under the Scheme and the Conditional Transfer Agreements, and of any direct or indirect investment by the Rail Consortium Members or their respective Related Bodies Corporate in BidCo.

(B) (**Acquisition of Ports Businesses**) Either:

(1) the Treasurer of the Commonwealth of Australia (or his delegate) provides written notice to the Ports Consortium that there are no objections under the FATA to the acquisition by Ports HoldCo of PortsCo under the Ports SPA, and of any direct or indirect investment by the Ports Consortium Members or their respective Related Bodies Corporate in Ports HoldCo, and that notice is not subject to any conditions; or

(2) the Treasurer of the Commonwealth of Australia becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition by Ports HoldCo of PortsCo under the Ports SPA, and of any direct or indirect investment by the Ports Consortium Members or their respective Related Bodies Corporate in Ports HoldCo.

(C) (**Acquisition of BAPS Businesses**) Either:

(1) the Treasurer of the Commonwealth of Australia (or his delegate) provides written notice to Brookfield that there are no objections under the FATA to the acquisition by BAPS HoldCo of BAPSCo under the BAPS SPA, and of any direct or indirect investment by the BAPS Consortium Members or their respective Related Bodies Corporate in BAPS HoldCo, and that notice is not subject to any conditions; or

(2) the Treasurer of the Commonwealth of Australia becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the acquisition by BAPS HoldCo of BAPSCo under the BAPS SPA, and of any direct or indirect investment by the BAPS Consortium Members or their respective Related Bodies Corporate in BAPS HoldCo.

(ii) **ACCC:**

(A) (**Acquisition of Asciano Shares**) Either:

(1) the Rail Consortium has received informal merger clearance on an unconditional basis, whether or not obtained after the provision of any undertakings or other concessions requested or required by the ACCC to facilitate such clearance, in respect of the acquisition by BidCo of all of the Asciano Shares by notice in writing from the ACCC stating, or stating to the effect, that the

ACCC does not propose to intervene or seek to prevent the acquisition of Asciano Shares by BidCo, or of any direct or indirect investment by the Rail Consortium Members or their respective Related Bodies Corporate in BidCo, and that notice has not been withdrawn, revoked or adversely amended before 8.00am on the Second Court Date; or

(2) the Rail Consortium has obtained an unconditional authorisation, approval, notification or declaration of no restraint or intervention from the Australian Competition Tribunal or the Federal Court for the acquisition by BidCo of all of the Asciano Shares, and of any direct or any indirect investment by the Rail Consortium Members or their respective Related Bodies Corporate in BidCo, and such authorisation, approval, notification or declaration has not been withdrawn, revoked or adversely amended or appealed.

(B) (**Acquisition of Ports Businesses**) Either:

(1) the Ports Consortium has received informal merger clearance on an unconditional basis, whether or not obtained after the provision of any undertakings or other concessions requested or required by the ACCC to facilitate such clearance, in respect of the acquisition by Ports HoldCo of PortsCo by notice in writing from the ACCC stating, or stating to the effect, that the ACCC does not propose to intervene or seek to prevent the acquisition by Ports HoldCo of PortsCo, or of any direct or indirect investment by the Ports Consortium Members or their respective Related Bodies Corporate in Ports HoldCo, and that notice has not been withdrawn, revoked or adversely amended before 8.00am on the Second Court Date; or

(2) the Ports Consortium has obtained an unconditional authorisation, approval, notification or declaration of no restraint or intervention from the Australian Competition Tribunal or the Federal Court for the acquisition by Ports HoldCo of PortsCo, and of any direct or any indirect investment by the Ports Consortium Members or their respective Related Bodies Corporate in Ports HoldCo, and such authorisation, approval, notification or declaration has not been withdrawn, revoked or adversely amended or appealed.

(C) (**Acquisition of BAPS Businesses**) Either:

(1) the BAPS Consortium has received informal merger clearance on an unconditional basis, whether or not obtained after the provision of any undertakings or other concessions requested or required by the ACCC to facilitate such clearance, in respect of the acquisition by BAPS HoldCo of BAPSCo by notice in writing from the ACCC stating, or stating to the effect, that the ACCC does not propose to intervene or seek to prevent the acquisition by BAPS HoldCo of BAPSCo, or of any direct or indirect investment by the BAPS Consortium Members or their respective Related Bodies Corporate in BAPS HoldCo, and that notice has

(b) **Shareholder approval of the Scheme:** Asciano Shareholders (other than Associated Shareholders) agree to the Scheme at the Scheme Meeting by the requisite majorities under subparagraph 411(4)(a)(ii) of the Corporations Act.

(c) **Independent Expert:** The Independent Expert issues an Independent Expert's Report which concludes that the Scheme is in the best interest of Asciano Shareholders (other than Associated Shareholders), before the time when the Scheme Booklet is registered by ASIC.

(d) **Court approval:** The Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.

(e) **Restraints:** Between (and including) the date of this deed and 8.00am on the Second Court Date:

(i) there is not in effect any temporary, preliminary or final order, injunction, decision or decree issued by any court of competent jurisdiction or Government Agency;

(ii) no action or investigation is announced or commenced by a Government Agency,

in consequence of, or in connection with, the Transactions which:

(iii) restrains or prohibits (or could restrain or prohibit), or otherwise materially adversely impacts on:

(A) the Transactions (whether subject to conditions or not); or

(iv) requires the divestiture by any Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member or any of their respective Related Bodies Corporate of:

(A) any of their assets; or

(B) any shares or assets to be acquired under the Transactions.

unless any such order, injunction, decision, decree, application, action or investigation has been disposed of to the satisfaction of the affected party or parties, or is otherwise no longer effective or enforceable, by 8.00am on the Second Court Date.

(f) **No Asciano Prescribed Occurrence:** No Asciano Prescribed Occurrence occurs between (and including) the date of this deed and 8.00am on the Second Court Date.

(g) **No Asciano Material Adverse Change:** No Asciano Material Adverse Change occurs or is reasonably likely to occur, or is discovered, announced, disclosed or otherwise becomes known to a Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member between (and including) the date of this deed and 8.00am on the Second Court Date.

(h) **Third party consents:** All approvals and consents of a third party which Asciano and each Ports Consortium Member have agreed in the Disclosure Letter given by Asciano to each Ports Consortium Member are necessary to transfer the shares in PortsCo under the Ports Sale Agreement in respect of the Port Botany container terminal site and the Port of Brisbane / Fisherman Island container terminal site are obtained (including approvals or consents to avoid breach of any change of control provisions) and such approvals and consents have not been withdrawn, suspended or revoked before 8.00am on the Second Court Date.

(i) **Sale Agreements:** Each Sale Agreement remains on foot as at 8.00am on the Second Court Date.

3.2 Reasonable endeavours

(a) Asciano must, to the extent it is within its power to do so, use its reasonable endeavours to procure that each of the Conditions Precedent in clauses 3.1(b), 3.1(d), 3.1(f), 3.1(g) and 3.1(h) are satisfied as soon as practicable after the date of this deed and continue to be satisfied at all times until the last time that the relevant clause provides that it is to be satisfied.

(b) Each party must, to the extent it is within their power to do so, use its reasonable endeavours to procure that the Conditions Precedent in clauses 3.1(e) and 3.1(i) are satisfied as soon as possible after the date of this deed and continue to be satisfied at all times until the last time that the relevant Condition Precedent provides that it is to be satisfied and there is no occurrence within its control or the control of any of its Related Bodies Corporate that would prevent any of the Conditions Precedent, which that party (alone or together with the other applicable parties) must use reasonable endeavours to satisfy, being or remaining satisfied.

(c) Each BAPS Consortium Member, Ports Consortium Member and Rail Consortium Member must, to the extent it is within their power to do so, use its reasonable endeavours to procure that the Conditions Precedent in clause 3.1(a) (and Asciano, in relation to the Conditions Precedent in clauses 3.1(a)(v) and (vi)) are satisfied as soon as possible after the date of this deed (including by acting reasonably in considering the provision of undertakings or other concessions requested or required by the ACCC to facilitate ACCC clearance) and continue to be satisfied at all times until the last time that the relevant Condition Precedent provides that it is to be satisfied and there is no occurrence within its control or the control of any of its Related Bodies Corporate that would prevent any of the Conditions Precedent, which that party (alone or together with the other applicable parties) must use reasonable endeavours to satisfy, being or remaining satisfied.

Asciano must use reasonable endeavours to provide assistance to the BAPS Consortium, Ports Consortium and Rail Consortium in satisfying the Conditions Precedent in clause 3.1(a) and provide information reasonably requested by the BAPS Consortium, Ports Consortium and Rail Consortium to enable each of them to fulfil their respective obligations in this clause 3.2 and in particular, to respond to queries or requests from the ACCC.

(d) Without limiting this clause 3.2, each party must:

(i) promptly apply for all relevant Regulatory Approvals (as applicable);

(ii) take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information from the relevant Government Agencies at the earliest practicable time;

(iii) promptly provide the other parties with all information reasonably requested in connection with the applications for the Regulatory Approvals, including copies of all communications with Government Agencies in respect of obtaining the Regulatory Approvals;

(iv) consult with the other parties in advance in relation to the progress of obtaining the Regulatory Approvals and provide the other parties with a draft copy of any submission or correspondence; and

(v) provide the other parties or the relevant Government Agency with all assistance and information that it reasonably requests in connection with an application for a Regulatory Approval to be lodged by the other parties,

provided that:

(vi) no party is required to disclose materially Commercially Sensitive or Competitive Information to another party or information which would be damaging to the commercial or legal interests of the discloser or any of its Related Bodies Corporate, or information disclosure of which is not permitted by law; and

(vii) the party applying for a Regulatory Approval is not prevented from taking any step (including communicating with a Government Agency) in respect of a Regulatory Approval if the other party has not promptly responded under clause 3.2(d)(iv).

3.3 Waiver of Conditions Precedent

(a) The Conditions Precedent in clauses 3.1(a)(i)(A) and 3.1(a)(iv) are for the sole benefit of the Rail Consortium and may only be waived by the Rail Consortium (in its absolute discretion) in writing.

(b) The Condition Precedent in clause 3.1(a)(i)(B) is for the sole benefit of the Ports Consortium and may only be waived by the Ports Consortium (in its absolute discretion) in writing.

(c) The Conditions Precedent in clauses 3.1(a)(i)(C) and 3.1(a)(iii)(B) are for the sole benefit of the BAPS Consortium and may only be waived by the BAPS Consortium (in its absolute discretion) in writing.

(d) The Conditions Precedent in clauses 3.1(a)(iii)(A), 3.1(f) and 3.1(g) are for the sole benefit of the Rail Consortium, Ports Consortium and BAPS Consortium and may only be waived by the Rail Consortium, Ports Consortium and BAPS Consortium (in their absolute discretion) in writing.

(e) The Conditions Precedent in clauses 3.1(b) and 3.1(d) cannot be waived.

(f) The Condition Precedent in clause 3.1(h) is for the sole benefit of the Ports Consortium and may only be waived by the Ports Consortium (in its absolute discretion) in writing.

(g) The Conditions Precedent in:

(i) clause 3.1(a)(ii)(A) is for the benefit of the Rail Consortium and Asciano;

(ii) clause 3.1(a)(ii)(B) is for the benefit of the Ports Consortium and Asciano; and

(iii) clause 3.1(a)(ii)(C) are for the benefit of the BAPS Consortium and Asciano;

and may only be waived:

(iv) by written agreement between those relevant parties (in their absolute discretion); or

(v) in circumstances where:

(A) the Condition Precedent is not satisfied solely because any approval given by the ACCC is conditional (rather than unconditional); and

(B) the Rail Consortium (in respect of clause 3.1(a)(ii)(A)), the Ports Consortium (in respect of clause 3.1(a)(ii)(B)) or BAPs Consortium (in respect of clause 3.1(a)(ii)(C)) have undertaken to the ACCC that they will comply with all such Conditions,

by the Rail Consortium, Ports Consortium or BAPs Consortium (as appropriate, in its absolute discretion) in writing.

(h) The Conditions Precedent in clauses 3.1(a)(v), 3.1(a)(vi), 3.1(c), 3.1(e) and 3.1(i) are for the benefit of all parties, and may only be waived by written agreement between all parties.

(i) If a party waives the breach or non-satisfaction of any of the Conditions Precedent in clause 3.1, that waiver does not prevent that party from suing the other party for any breach of this deed that resulted in the breach or non-satisfaction of the relevant Condition Precedent.

(j) Waiver of a breach or non-satisfaction in respect of one Condition Precedent does not constitute:

(i) a waiver of breach or non-satisfaction of any other Condition Precedent resulting from the same event; or

(ii) a waiver of breach or non-satisfaction of that Condition Precedent resulting from any other event.

3.4 Termination on failure of Condition Precedent

(a) If:

(i) there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied;

(ii) there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied by the time and date specified in this deed for the satisfaction of that Condition Precedent; or

(iii) it becomes more likely than not that the Scheme will not become Effective by the End Date,

the parties must consult in good faith to:

(iv) consider and, if agreed, determine whether the Transactions may proceed by way of alternative means or methods;

(v) consider and, if agreed, change the date of the application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by the parties (being a date no later than 5 Business Days before the End Date); or

(vi) consider and, if agreed, extend the relevant date or End Date.

(b) Subject to clauses 3.4(d) and 3.4(e), if the parties are unable to reach agreement under clause 3.4(a):

(i) within 5 Business Days of becoming aware of the relevant event or occurrence that would, or does, prevent a Condition Precedent being satisfied;

(ii) within 5 Business Days of the time and date specified in this deed for the satisfaction of a Condition Precedent; or

(iii) by the End Date,

as appropriate, then, unless that Condition Precedent has been waived in accordance with clause 3.3, Asciano (acting individually) or the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may terminate this deed without any liability to the other parties because of that termination. However, a party may not terminate this deed pursuant to this clause 3.4(b) if the relevant occurrence or event, the failure of the Condition Precedent to be satisfied, or the failure of the Scheme to become Effective,

arises out of a breach of clauses 3.2 or 3.5 by that party (and, for the purposes of this clause, such breach by any member of the Rail Consortium, Ports Consortium or BAPs Consortium shall be considered to be a breach by each other member of the Rail Consortium, Ports Consortium and BAPs Consortium, as applicable), although in such circumstances any of the other parties may still terminate this deed. For the avoidance of doubt, nothing in this clause 3.4(b) affects the obligation of Asciano to pay the Reimbursement Fee, if it is required to do so under clause 12.

(c) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 13.3), on termination of this deed, no party shall have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.

(d) If the Condition Precedent in clause 3.1(b) is not satisfied only because of a failure to obtain the majority required by sub-subparagraph 411(4)(a)(ii)(A) of the Corporations Act, then any party may by written notice to the other parties within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that sub-subparagraph, provided the party has, in good faith, reasonably formed the view that the prospect of the Court exercising its discretion in that way is reasonable.

(e) If the Court refuses to make an order approving the Scheme which satisfies the Condition Precedent in clause 3.1(d), at the Rail Consortium's, Ports Consortium's and BAPS Consortium's request (acting jointly) Asciano must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the End Date). Asciano may bring an appeal even if not requested by the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly). If any such appeal is undertaken at the request of the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly), then the Rail Consortium, Ports Consortium and BAPS Consortium will bear Asciano's costs of the appeal (including costs of the independent Senior Counsel) unless the parties otherwise agree. If any such appeal is undertaken by Asciano, without the prior request from the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly), then Asciano will bear the Rail Consortium's, Ports Consortium's and BAPS Consortium's costs of the appeal unless the parties otherwise agree.

3.5 Certain notices relating to Conditions Precedent

(a) Each party must promptly advise each other, orally and in writing, of satisfaction of a Condition Precedent.

(b) If a Condition Precedent is not satisfied by the time and date specified for satisfaction of that Condition Precedent, then, unless there is no reasonable prospect that the Condition Precedent will be satisfied before the End Date, Asciano must make an application to defer the Second Court Date until such time (being not later than the Business Day before the End Date) as reasonably required to enable the relevant Condition Precedent to be satisfied.

(c) If, before the time and date specified for satisfaction of a Condition Precedent, an event or occurrence that will prevent that Condition Precedent being satisfied occurs, the party with knowledge of that event must give the other parties written notice of that event or occurrence as soon as possible.

(d) Each party must promptly advise the other parties, orally and in writing, of any fact, matter, change, event or circumstance causing, or which, so far as can reasonably be foreseen, would cause:

(i) a representation or warranty provided in this deed by the relevant party to be false;

(ii) a breach or non-satisfaction of any of the Conditions Precedent; or

(iii) a material breach of this deed by the relevant party.

4 Transaction steps

4.1 Scheme

Asciano must propose the Scheme to Asciano Shareholders on and subject to the terms of this deed.

4.2 No amendment to the Scheme without consent

Asciano must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of the Rail Consortium (such consent not to be unreasonably withheld or delayed in relation to procedural or administrative matters that do not relate to the value of the Scheme Consideration or the Scheme Shares).

4.3 No material amendment to the Conditional Transfer Agreements without consent

The Rail Consortium, Ports Consortium and BAPS Consortium must not consent to any material modification of, or amendment to, any provision of the Conditional Transfer Agreements (from the drafts provided to Asciano prior to the date of this deed) relating to the value of the transfer of Asciano Shares under such agreement, without the prior written consent of Asciano, not to be unreasonably withheld or delayed.

4.4 Scheme Consideration

(a) The consideration to be provided by BidCo in respect of each Scheme Share is:

(i) A$9.15; less

(ii) the amount of the Asciano Permitted Special Dividend on a per Asciano Share basis,

(the ***Scheme Consideration***).

(b) Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder, in accordance with the terms of this deed, the Scheme and the Deed Poll.

(c) Subject to clauses 3.1 and 13 and the terms of the Scheme, the Rail Consortium undertakes and warrants to Asciano that, in consideration of the transfer to BidCo of each Asciano Share held by a Scheme Shareholder under the terms of the Scheme, on the Implementation Date the Rail Consortium will:

(i) procure that BidCo accepts that transfer; and

(ii) procure that BidCo provides, to each Scheme Shareholder the Scheme Consideration for each Scheme Share in accordance with the terms of this deed, the Scheme and the Deed Poll.

4.5 Asciano Rights

Asciano must take all actions necessary to ensure that:

(a) no more than the number of Asciano Rights set out in Schedule 4, or which are otherwise issued after the date of this deed consistently with the exceptions to limb (13) of the definition of Asciano Prescribed Occurrence, vest and/or have any restrictions on their exercise waived; and

(b) any Asciano Rights that do not vest either lapse or are cancelled upon the Scheme becoming Effective.

4.6 Asciano Permitted Special Dividend

(a) Asciano may, in its sole discretion, pay Asciano Shareholders who are recorded in the Asciano Share Register as a holder of Asciano Shares at the Special Dividend Record Date the Asciano Permitted Special Dividend (which shall be franked to the extent determined by Asciano) on the Special Dividend Payment Date.

(b) The amount per Asciano Share of the Asciano Permitted Special Dividend shall not exceed such amount as can be fully franked utilising the franking account balance but ensuring that it is not reasonably anticipated to be in deficit on the Implementation Date.

5 Implementation

5.1 Asciano's obligations

Asciano must take all necessary steps to implement the Transactions as soon as is reasonably practicable and, without limiting the foregoing, use reasonable endeavours to ensure that each step in the Timetable is met by the relevant date set out beside that step (and must consult with the other parties on a regular basis about its progress in that regard, but, to avoid doubt, no party is entitled to require another party to perform steps in the Timetable at an earlier time than set out in the Timetable), including doing any acts it is authorised and able to do on behalf of Asciano Shareholders, and including each of the following:

(a) **preparation of Scheme Booklet:** prepare and despatch the Scheme Booklet in accordance with all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption;

(b) **directors' recommendation:**

(i) include in the Scheme Booklet statements by the Asciano Board unanimously recommending that Asciano Shareholders (other than Associated Shareholders) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal; and

(ii) in respect of any (and each) Asciano Board Member who has informed Asciano that he or she will (in the absence of a Superior Proposal) vote, or procure the voting of, any Director Asciano Shares at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting, subject to that Asciano Board Member providing consent to do so, include a statement in the Scheme Booklet which reflects that position,

unless there has been a change of recommendation permitted by clause 5.9;

(c) **paragraph 411(17)(b) statement:** apply to ASIC for the production of:

(i) an indication of intent letter stating that it does not intend to appear before the Court on the First Court Date; and

(ii) a statement under paragraph 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;

(d) **Court direction:** apply to the Court for orders pursuant to subsection 411(1) of the Corporations Act directing Asciano to convene the Scheme Meeting;

(e) **Scheme Meeting:** convene the Scheme Meeting to seek Asciano Shareholders' agreement to the Scheme in accordance with the orders made by the Court pursuant to subsection 411(1) of the Corporations Act;

(f) **Court documents:** consult with the Rail Consortium in relation to the content of the documents required for the purpose of each of the Court hearings held for the purpose of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, reasonable comments from the Rail Consortium Members and their respective Related Persons on those documents provided such comments are provided in a timely manner;

(g) **Court approval:** (subject to all Conditions Precedent in clause 3.1, other than the Condition Precedent in clause 3.1(d), being satisfied or waived in accordance with this deed) apply to the Court for orders approving the Scheme as agreed to by the Asciano Shareholders (other than Associated Shareholders) at the Scheme Meeting;

(h) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent in clause 3.1 (other than the Condition Precedent in clause 3.1(d)) have been satisfied or waived in accordance with this deed. A draft of such certificate shall be provided by Asciano to the Rail Consortium by 4.00 pm on the date that is 3 Business Days prior to the Second Court Date;

(i) **lodge copy of Court order:** lodge with ASIC an office copy of the Court order in accordance with subsection 411(10) of the Corporations Act approving the Scheme by no later than the Business Day after the date on which the Court order was made (or such later date as agreed in writing by the parties to this deed);

(j) **Scheme Consideration:** if the Scheme becomes Effective, finalise and close the Asciano Share Register as at the Scheme Record Date, and determine entitlements to the Scheme Consideration, in accordance with the Scheme and the Deed Poll;

(k) **transfer and registration:** if the Scheme becomes Effective and subject to BidCo having provided the Scheme Consideration in accordance with the Scheme and Deed Poll:

(i) execute, on behalf of Scheme Shareholders, instruments of transfer of Asciano Shares held by Scheme Shareholders to BidCo; and

(ii) register all transfers of Asciano Shares held by Scheme Shareholders to BidCo on the Implementation Date;

(l) **consultation with Rail Consortium, Ports Consortium and BAPS Consortium in relation to Scheme Booklet:** consult with the Rail Consortium, Ports Consortium and BAPS Consortium as to the content and presentation of the Scheme Booklet including:

(i) providing to the Rail Consortium, Ports Consortium and BAPS Consortium drafts of the Scheme Booklet and the Independent Expert's Report for the purpose of enabling the Rail Consortium, Ports Consortium and BAPS Consortium to review and comment on those draft documents. In relation to the Independent Expert's

Report, the Rail Consortium's, Ports Consortium's and BAPS Consortium's review is to be limited to a factual accuracy review;

(ii) taking all reasonable comments made by the Rail Consortium, Ports Consortium and BAPS Consortium into account in good faith when producing a revised draft of the Scheme Booklet provided such comments are provided in a timely manner;

(iii) providing to the Rail Consortium, Ports Consortium and BAPS Consortium a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable the Rail Consortium, Ports Consortium and BAPS Consortium to review the Regulator's Draft before the date of its submission;

(iv) obtaining written consent from the Rail Consortium, Ports Consortium and BAPS Consortium for the form and content in which the Rail Consortium Information, Ports Consortium Information and BAPS Consortium Information (respectively) appears in the Scheme Booklet;

(v) confirming in writing to the Rail Consortium, Ports Consortium and BAPS Consortium that the Asciano Information in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(m) **information:** provide all necessary information, and procure that the Asciano Registry provides all necessary information, in each case in a form reasonably requested by the Rail Consortium, about the Scheme, the Scheme Shareholders and Asciano Shareholders to the Rail Consortium and their respective Related Persons, which the Rail Consortium reasonably requires in order to:

(i) canvass views on the Scheme by Asciano Shareholders (including, where appropriate, the results of directions by Asciano to Asciano Shareholders under Part 6C.2 of the Corporations Act); or

(ii) facilitate the provision by, or on behalf of, BidCo of the Scheme Consideration.

Asciano must comply with any reasonable request of the Rail Consortium for Asciano to give directions to Asciano shareholders under Part 6C.2 of the Corporations Act from time to time for one of the purposes referred to in sub-paragraphs (i) or (ii) above;

(n) **ASIC and ASX review:** keep the Rail Consortium, Ports Consortium and BAPS Consortium informed of any material matters raised by ASIC or ASX in relation to the Scheme Booklet or Transactions, and use reasonable endeavours to take into consideration in resolving such matters any issues raised by the Rail Consortium, Ports Consortium or BAPS Consortium;

(o) **representation:** procure that it is represented by counsel at the Court hearings convened for the purposes of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act;

(p) **Independent Expert:** promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by the Independent Expert for inclusion in the Scheme Booklet (including any updates thereto);

(q) **compliance with laws:** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations;

(r) **listing:** subject to clause 5.1(t), not do anything to cause Asciano Shares to cease being quoted on ASX or to become permanently suspended from quotation unless the Rail Consortium has agreed in writing;

(s) **update Scheme Booklet:** until the date of the Scheme Meeting, promptly update or supplement the Scheme Booklet with, or, if the parties agree (provided that Asciano will not be limited from making any disclosure necessary, in its sole discretion, to comply with its continuous disclosure obligations), otherwise inform the market by way of announcement of, any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement and seek the Court's approval for the despatch of any updated or supplementary Scheme Booklet. Asciano must consult with the Rail Consortium, Ports Consortium and BAPS Consortium as to the content and presentation of any updated or supplementary Scheme Booklet in the manner contemplated by clause 5.1(l);

(t) **suspension of trading**: apply to ASX to suspend trading in Asciano Shares with effect from the close of trading on the Effective Date; and

(u) **assistance**: up to (and including) the Implementation Date and subject to obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide the Rail Consortium, Ports Consortium and BAPS Consortium with information that any of them reasonably requests for the purpose of:

(i) preparation of the Rail Consortium Information, Ports Consortium Information or BAPS Consortium Information; and

(ii) implementation of the Transactions,

provided that nothing in this clause 5.1(u) requires Asciano to provide any Commercially Sensitive or Competitive Information to Qube, but this is subject to clause 5.6.

5.2 Rail Consortium's obligations

The Rail Consortium must take all necessary steps to implement the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step (and consult with Asciano on a regular basis about its progress in that regard, but, to avoid doubt, no party is entitled to require another party to perform steps in the Timetable at an earlier time than set out in the Timetable), including doing each of the following:

(a) **Rail Consortium Information:** prepare and provide to Asciano the Rail Consortium Information for inclusion in the Scheme Booklet required by all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption, and consent to the inclusion of that information in the Scheme Booklet;

(b) **review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by Asciano and provide comments on those drafts in good faith and in a timely manner;

(c) **Independent Expert's Report:** subject to the Independent Expert entering into arrangements with the Rail Consortium including in relation to confidentiality in a form reasonably acceptable to the Rail Consortium, provide any assistance or information reasonably requested by Asciano or by the Independent Expert in connection with the

preparation of the Independent Expert's Report to be sent together with the Scheme Booklet;

(d) **representation:** procure that it is represented by counsel at the Court hearings convened for the purposes of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act;

(e) **Deed Poll:** by no later than the Business Day prior to the First Court Date, execute and deliver to Asciano the Deed Poll and procure that BidCo will execute and deliver to Asciano the Deed Poll;

(f) **accuracy of Rail Consortium Information:** confirm in writing to Asciano that the Rail Consortium Information in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(g) **consultation with Asciano in relation to Rail Consortium Information:** consult with Asciano as to the content and presentation of the Rail Consortium Information including:

(i) providing drafts of the Rail Consortium Information for the purpose of enabling Asciano to review and comment on that draft information;

(ii) taking all reasonable comments made by Asciano into account in good faith when producing a revised draft of the Rail Consortium Information provided that such comments are provided in a timely manner;

(iii) providing to Asciano a final draft of the Rail Consortium Information within a reasonable time before the Regulator's Draft is to be finalised and to enable Asciano to review the Rail Consortium Information section of the Regulator's Draft before the date of its submission;

(h) **information:** promptly provide to Asciano any information regarding the Rail Consortium that Asciano reasonably requires in order to prepare the Scheme Booklet;

(i) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent in clause 3.1 (other than the Condition Precedent in clause 3.1(d)) have been satisfied or waived in accordance with this deed. A draft of such certificate shall be provided by the Rail Consortium to Asciano by 4.00 pm on the date that is 3 Business Days prior to the Second Court Date;

(j) **share transfer:** if the Scheme becomes Effective:

(i) procure that BidCo accepts a transfer of the Scheme Shares as contemplated by clause 4.4(c)(i); and

(ii) execute, or procure that BidCo executes, instruments of transfer in respect of the Scheme Shares;

(k) **Scheme Consideration:** if the Scheme becomes Effective, procure the provision of, by or on behalf of, BidCo, the Scheme Consideration in the manner and amount contemplated by the terms of the Scheme and the Deed Poll;

(l) **update Rail Consortium Information:** until the date of the Scheme Meeting, provide to Asciano any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the Rail Consortium Information contained in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(m) **assistance:** up to (and including) the Implementation Date and subject to obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide

Asciano with information that Asciano reasonably requests for the purpose of preparation of the Scheme Booklet and implementation of the Transactions; and

(n) **compliance with laws:** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations.

5.3 Ports Consortium's obligations

The Ports Consortium must, to the extent it is within their power to do so, take all necessary steps to facilitate the implementation of the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step (and consult with Asciano on a regular basis about its progress in that regard, but, to avoid doubt, no party is entitled to require another party to perform steps in the Timetable at an earlier time than set out in the Timetable), including doing each of the following:

(a) **Ports Consortium Information:** prepare and provide to Asciano the Ports Consortium Information for inclusion in the Scheme Booklet required by all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption, and consent to the inclusion of that information in the Scheme Booklet;

(b) **review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by Asciano and provide comments on those drafts in good faith and in a timely manner;

(c) **Independent Expert's Report:** subject to the Independent Expert entering into arrangements with the Ports Consortium including in relation to confidentiality in a form reasonably acceptable to the Ports Consortium, provide any assistance or information reasonably requested by Asciano or by the Independent Expert in connection with the preparation of the Independent Expert's Report to be sent together with the Scheme Booklet;

(d) **accuracy of Ports Consortium Information:** confirm in writing to Asciano that the Ports Consortium Information in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(e) **consultation with Asciano in relation to Ports Consortium Information:** consult with Asciano as to the content and presentation of the Ports Consortium Information including:

(i) providing drafts of the Ports Consortium Information for the purpose of enabling Asciano to review and comment on that draft information;

(ii) taking all reasonable comments made by Asciano into account in good faith when producing a revised draft of the Ports Consortium Information provided that such comments are provided in a timely manner;

(iii) providing to Asciano a final draft of the Ports Consortium Information within a reasonable time before the Regulator's Draft is to be finalised and to enable Asciano to review the Ports Consortium Information section of the Regulator's Draft before the date of its submission;

(f) **information:** promptly provide to Asciano any information regarding the Ports Consortium that Asciano reasonably requires in order to prepare the Scheme Booklet;

(g) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions

Precedent in clause 3.1 (other than the Condition Precedent in clause 3.1(d)) have been satisfied or waived in accordance with this deed. A draft of such certificate shall be provided by the Ports Consortium to Asciano by 4.00 pm on the date that is 3 Business Days prior to the Second Court Date;

(h) **update Ports Consortium Information:** until the date of the Scheme Meeting, provide to Asciano any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the Ports Consortium Information contained in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(i) **assistance:** up to (and including) the Implementation Date and subject to obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide Asciano with information that Asciano reasonably requests for the purpose of preparation of the Scheme Booklet and implementation of the Scheme and Asset Sales; and

(j) **compliance with laws:** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations.

5.4 BAPS Consortium's obligations

The BAPS Consortium must, to the extent it is within their power to do so, take all necessary steps to facilitate the implementation of the Scheme as soon as is reasonably practicable and without limiting the foregoing use reasonable endeavours to ensure that each step in the Timetable is met by the date set out beside that step (and consult with Asciano on a regular basis about its progress in that regard, but, to avoid doubt, no party is entitled to require another party to perform steps in the Timetable at an earlier time than set out in the Timetable), including doing each of the following:

(a) **BAPS Consortium Information:** prepare and provide to Asciano the BAPS Consortium Information for inclusion in the Scheme Booklet required by all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption, and consent to the inclusion of that information in the Scheme Booklet;

(b) **review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by Asciano and provide comments on those drafts in good faith and in a timely manner;

(c) **Independent Expert's Report:** subject to the Independent Expert entering into arrangements with the BAPS Consortium including in relation to confidentiality in a form reasonably acceptable to the BAPS Consortium, provide any assistance or information reasonably requested by Asciano or by the Independent Expert in connection with the preparation of the Independent Expert's Report to be sent together with the Scheme Booklet;

(d) **accuracy of BAPS Consortium Information:** confirm in writing to Asciano that the BAPS Consortium Information in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(e) **consultation with Asciano in relation to BAPS Consortium Information:** consult with Asciano as to the content and presentation of the BAPS Consortium Information including:

(i) providing drafts of the BAPS Consortium Information for the purpose of enabling Asciano to review and comment on that draft information;

(ii) taking all reasonable comments made by Asciano into account in good faith when producing a revised draft of the BAPS Consortium Information provided that such comments are provided in a timely manner;

(iii) providing to Asciano a final draft of the BAPS Consortium Information within a reasonable time before the Regulator's Draft is to be finalised and to enable Asciano to review the BAPS Consortium Information section of the Regulator's Draft before the date of its submission;

(f) **information:** promptly provide to Asciano any information regarding the BAPS Consortium that Asciano reasonably requires in order to prepare the Scheme Booklet;

(g) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent in clause 3.1 (other than the Condition Precedent in clause 3.1(d)) have been satisfied or waived in accordance with this deed. A draft of such certificate shall be provided by the BAPS Consortium to Asciano by 4.00 pm on the date that is 3 Business Days prior to the Second Court Date

(h) **update BAPS Consortium Information:** until the date of the Scheme Meeting, provide to Asciano any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the BAPS Consortium Information contained in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;

(i) **assistance:** up to (and including) the Implementation Date and subject to obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide Asciano with information that Asciano reasonably requests for the purpose of preparation of the Scheme Booklet and implementation of the Scheme and Asset Sales; and

(j) **compliance with laws:** do everything reasonably within its power to ensure that the Transactions are effected in accordance with all applicable laws and regulations.

5.5 Conduct of business

(a) Subject to clauses 5.5(c), 5.5(d) and 5.5(e), from the date of this deed up to and including the Implementation Date, and without limiting any other obligations under this deed, Asciano must:

(i) conduct its businesses and operations, and cause each other Asciano Group Member to conduct its respective business and operations, in the ordinary course and substantially consistent (subject to any applicable laws, regulations and Regulatory Approvals) with the manner in which each such business and operations have been conducted in the 12 month period prior to the date of this deed;

(ii) keep the Rail Consortium, Ports Consortium and BAPS Consortium informed of the conduct of the Asciano Group's business, including in relation to the status and positions of parties in negotiations on key enterprise agreements;

(iii) provide regular reports on the financial affairs of the Asciano Group in a timely manner to the Rail Consortium, Ports Consortium and BAPS Consortium;

(iv) use all reasonable endeavours, and procure that each other Asciano Group Member makes all reasonable endeavours, to:

(A) preserve and maintain the value of their respective businesses and assets;

(B) keep available the services of their directors, officers and employees; and

(C) maintain and preserve their relationships with Government Agencies, customers, suppliers and others having business dealings with any Asciano Group Member (including using reasonable endeavours to obtain consents from third parties to any change of control provisions in any contracts or arrangements to which a member of the Asciano Group is a party which the Rail Consortium, Ports Consortium and BAPS Consortium reasonably requests).

(b) From the date of this deed up to and including the Implementation Date, Asciano must ensure that no Asciano Prescribed Occurrence and no Asciano Regulated Event occurs.

(c) Nothing in clause 5.5(a) restricts the ability of Asciano to take any action:

(i) which is required by a Transaction Document, such action to occur in the manner contemplated by the relevant Transaction Document;

(ii) which has been agreed to in writing by the Rail Consortium, Ports Consortium and BAPS Consortium; or

(iii) which is Fairly Disclosed in the Disclosure Materials as being an action that a member of the Asciano Group will carry out between (and including) the date of this deed and the Implementation Date.

(d) For the avoidance of doubt, nothing in clause 5.5(a) restricts the ability of Asciano to:

(i) respond to a Competing Proposal to the extent permitted in accordance with clause 11; or

(ii) pay the Asciano Interim Dividend or Asciano Permitted Special Dividend.

(e) Nothing in clause 5.5(a) requires Asciano to provide any Commercially Sensitive or Competitive Information to Qube, but this is subject to clause 5.6.

(f) From the date of this deed until and including the Second Court Date, unless the other parties agree otherwise in writing, Asciano will promptly notify the Rail Consortium, Ports Consortium and BAPS Consortium of anything of which Asciano becomes aware that:

(i) makes any material information publicly filed by it (either on its own account or in respect of any other Asciano Group Member) to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect;

(ii) makes any of the Asciano Representations and Warranties false, inaccurate, misleading or deceptive in any material respect; or

(iii) may, or may with time, constitute an Asciano Material Adverse Change, Asciano Regulated Event or Asciano Prescribed Occurrence.

5.6 Commercially sensitive or competitive information

(a) Each of clauses 5.1(u), 5.5(e), 6(a)(x) and 11.5 is subject to clause 5.6(b).

(b) Where any Commercially Sensitive or Competitive Information forms only part of a relevant document that would otherwise be required to be provided under this deed, the remainder of the document will be provided to the requesting party with the Commercially Sensitive or Competitive Information redacted.

5.7 Sale Agreements

(a) Asciano must, and the Ports Consortium must procure that Ports HoldCo:

(i) perform or performs their respective obligations under the Ports SPA as and when the Ports SPA requires; and

(ii) use or uses reasonable endeavours to ensure that the conditions to completion under the Ports SPA are satisfied on the same day as the conditions to completion under the BAPS SPA are satisfied and that completion under the Ports SPA occurs at the same time as completion under the BAPS SPA.

(b) Asciano must, and the BAPS Consortium must procure that BAPS HoldCo:

(i) perform or performs their respective obligations under the BAPS SPA as and when the BAPS SPA requires; and

(ii) use or uses reasonable endeavours to ensure that the conditions to completion under the BAPS SPA are satisfied on the same day as the conditions to completion under the Ports SPA are satisfied and that completion under the BAPS SPA occurs at the same time as completion under the Ports SPA.

(c) The parties acknowledge that each Sale Agreement provides that completion under the Sale Agreement will not occur unless and until an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders under the Scheme has been deposited in cleared funds into an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders in accordance with the Deed Poll.

(d) With effect from completion under the Sale Agreements, each Ports Consortium Member and BAPS Consortium Member ceases to have any rights against Asciano under this deed and irrevocably releases Asciano from all Claims (except to the extent the loss which is the subject of a Claim is actually recovered by Asciano from its insurers under insurance policies in place as at the date of this deed, after deducting from the amount so recovered any costs and expenses incurred by Asciano in recovering such amount).

5.8 Appointment of directors

Asciano must, as soon as practicable:

(a) on the Implementation Date, after Asciano or the Asciano Registry has commenced the despatch of the Scheme Consideration to Scheme Shareholders or the Scheme Shares have been registered in the name of BidCo (whichever is earlier):

(i) take all actions necessary to cause the appointment of the nominees of BidCo to the Asciano Board; and

(ii) ensure that all directors on the Asciano Board, other than the BidCo nominees, resign and unconditionally and irrevocably release Asciano from any claims they may have against Asciano (without limitation to any accrued rights they may have under any deed of access and indemnity or policy of directors and officers insurance); and

(b) on the Implementation Date, after Asciano or the Asciano Registry has commenced the despatch of the Scheme Consideration to Scheme Shareholders or the Scheme Shares have been registered in the name of BidCo (whichever is earlier), take all actions to ensure that all directors on the boards of Asciano's Subsidiaries resign and unconditionally and irrevocably release Asciano and such Asciano Subsidiaries from any claims they may have against any of them, and to cause the appointment of nominees of BidCo to those boards (without limitation to any accrued rights they may have under any deed of access and indemnity or policy of directors and officers insurance).

5.9 Asciano Board recommendation

(a) Asciano must use its best endeavours to procure that, subject to clause 5.9(b):

(i) the Asciano Board Members unanimously recommend that Asciano Shareholders (other than Associated Shareholders) vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interest of Scheme Shareholders; and

(ii) the Scheme Booklet and any other public statements made by Asciano in relation to the Transactions include a statement by the Asciano Board to that effect.

(b) Asciano must use its best endeavours to procure that the Asciano Board collectively, and the Asciano Board Members individually, do not change, withdraw or modify its, his or her recommendation to vote in favour of the Scheme unless:

(i) the Independent Expert provides a report to Asciano (including either the Independent Expert's Report or any update, addendum or variation to it) that concludes that the Scheme is not in the best interest of Scheme Shareholders; or

(ii) Asciano has received, other than as a result of a breach of clause 11, a Superior Proposal,

and Asciano has complied with its obligations under clause 12.

For the purposes of this clause, customary qualifications and explanations contained in the Scheme Booklet in relation to a recommendation to vote in favour of the Scheme to the effect that the recommendation is made in the absence of a superior proposal from a third party will not be regarded as a failure to make or withdraw the making of a recommendation in favour of the Scheme.

(c) Without limiting the operation of the preceding provisions of this clause 5, if circumstances arise (including the receipt or expected receipt of an unfavourable report from the Independent Expert) which may lead to any one or more Asciano Board Members changing, withdrawing or modifying his or her recommendation to vote in favour of the Scheme (other than such circumstances as provided for in clause 11.3 or 11.4 which shall be regulated by those clauses), Asciano must:

(i) promptly notify the Rail Consortium, Ports Consortium and BAPS Consortium of this fact; and

(ii) consult with the Rail Consortium, Ports Consortium and BAPS Consortium in good faith to determine whether there are any steps that can be taken to avoid such a change, withdrawal or modification (as applicable).

5.10 Conduct of Court proceedings

(a) Each party is entitled to separate representation at all Court proceedings affecting the Transactions.

(b) This deed does not give any party any right or power to give undertakings to the Court for or on behalf of another party without that party's written consent.

(c) Each party must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme as contemplated by this deed.

5.11 Responsibility statements

(a) The Scheme Booklet will contain responsibility statements to the effect that:

(i) the Rail Consortium is responsible for the Rail Consortium Information;

(ii) the Ports Consortium is responsible for the Ports Consortium Information;

(iii) the BAPS Consortium is responsible for the BAPS Consortium Information; and

(iv) Asciano is responsible for the Asciano Information contained in the Scheme Booklet.

(b) If after a reasonable period of consultation, Asciano, the Rail Consortium, Ports Consortium and BAPS Consortium are unable to agree on the form or content of the Scheme Booklet:

(i) where the determination relates to Rail Consortium Information, the Rail Consortium will make the final determination as to the form and content of the Rail Consortium Information;

(ii) where the determination relates to Ports Consortium Information, the Ports Consortium will make the final determination as to the form and content of the Ports Consortium Information;

(iii) where the determination relates to BAPS Consortium Information, Brookfield will make the final determination as to the form and content of the BAPS Consortium Information; and

(iv) in any other case, Asciano will make the final determination as to the form and content of the Scheme Booklet.

5.12 Nominated Representatives

(a) Each party agrees, and represents and warrants to the other parties, that its Nominated Representatives acting jointly are authorised to bind the party in respect of all matters under this deed (including to agree, approve or consent to matters requiring a party's agreement, approval or consent under this deed).

(b) The parties shall ensure that their respective Nominated Representatives meet (by any means, including by telephone) and correspond (by any means, including by email) on a regular basis to discuss any material commercial, legal or strategic matters relating to the Transactions.

6 Access to information

(a) Between (and including) the date of this deed and the Implementation Date, Asciano must, and must cause each other Asciano Group Member to, afford to the Rail Consortium, Ports Consortium and BAPS Consortium and their respective Related Persons reasonable access to information, including financial, tax and other information, (subject to any existing confidentiality obligations owed to third parties, appropriate consents in relation to which Asciano must use all reasonable endeavours to obtain) of any member of the Asciano Group, or such senior executives of Asciano as reasonably requested by the Rail Consortium, Ports Consortium or BAPS Consortium at mutually convenient times, and afford the Rail Consortium, Ports Consortium and BAPS Consortium reasonable co-operation for the purpose of:

(i) implementation of the Transactions;

(ii) the Rail Consortium, Ports Consortium or BAPS Consortium obtaining an understanding of the operations of the Asciano Group's business, financial position, prospects and affairs in order to allow and facilitate the development and the implementation of the plans of the Rail Consortium, Ports Consortium or

BAPS Consortium for those businesses following implementation of the Transactions;

(iii) compliance with legally binding reporting obligations to holders of their shares, interests or other securities, or to financiers or other investors, or satisfy their compliance obligations under any applicable legal, governmental, taxation or regulatory rules, or otherwise imposed by an Government Agency, or as reasonably required in connection with:

(A) any financing transaction or arrangement; or

(B) arranging or syndicating any acquisition, debt or equity financing, and all timely cooperation in connection with the arrangement; and

(iv) any other purpose agreed between the parties,

and any party that is party to a Confidentiality Agreement may disclose such information to third parties in accordance with the terms of the relevant Confidentiality Agreement (and any bona fide syndicate financiers will be deemed to have been consented to by Asciano for inclusion as "Associates" as that term is defined in the Confidentiality Agreement), provided that:

(v) the Rail Consortium, Ports Consortium and BAPS Consortium will focus on material issues, having regard to management commitments and the impact of information requests on Asciano's business;

(vi) providing access or information pursuant to this clause does not result in unreasonable disruptions to Asciano's business, require Asciano to make further disclosure to any other entity or Government Agency or require the disclosure of any document that would compromise Asciano's legal professional privilege;

(vii) any obligations under this clause 6 are subject to any existing confidentiality obligations owed to the third parties, appropriate consents in relation to which Asciano must use all reasonable endeavours to obtain;

(viii) nothing in this clause 6 will require Asciano to provide information concerning Asciano's directors and management's consideration of the Scheme or any Competing Proposal (but this proviso does not limit Asciano's obligations under clause 11);

(ix) Asciano may provide to the Rail Consortium or Ports Consortium its records at a place other than Asciano's business premises; and

(x) nothing in this clause 6 will require Asciano to provide any Commercially Sensitive or Competitive Information to Qube, but this is subject to clause 5.6.

(b) Without limiting clause 6(a), Asciano agrees to provide timely cooperation in connection with the arrangement or syndication of any acquisition, debt or equity financings by any Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member as may be reasonably requested by any of them (the ***Requesting Party***) and from time to time, including:

(i) participating in meetings (including meetings with ratings agencies), drafting sessions and due diligence sessions;

(ii) furnishing, in accordance with clause 6(a), the Requesting Party and its financing sources within a reasonable timeframe (including providing any consent required under the relevant Confidentiality Agreement to such disclosure) with financial and other pertinent information regarding Asciano, the Asciano Group or any

other entity in which any Asciano Group Member has an investment as may be reasonably requested by the Requesting Party;

(iii) assisting the Requesting Party and its financing sources in the preparation of any offering document to be used in obtaining or syndicating any acquisition, debt or equity financing, and any materials required in connection with ratings agency presentations;

(iv) cooperating with any marketing efforts undertaken by the Requesting Party and its financing sources related to acquisition, debt or equity financings (including by making available such senior executives of Asciano as reasonably requested by the Requesting Party at mutually convenient times for conference calls, management presentation sessions, roadshows, sales force presentations and similar meetings or presentations);

(v) assisting the Requesting Party and its Related Bodies Corporate or (where Brookfield is the Requesting Party) Affiliates to satisfy any conditions and obligations of any financing to the extent same is within its control; and

(vi) providing any information required to complete a reconciliation of financial statements to applicable accounting standards,

provided, in each case, that:

(vii) where Asciano has acted in good faith, neither Asciano nor any Asciano Group Member shall be required to incur any liability in connection with any acquisition, debt or equity financing prior to implementation of the Scheme that is not reimbursable by the Requesting Party;

(viii) the Requesting Party must indemnify and hold harmless Asciano Group Members and their respective Related Persons from and against any and all losses, damages, claims, costs or expenses suffered or incurred by any of them in connection with any acquisition, debt or equity financing and any information utilised in connection therewith, in each case other than to the extent any of the foregoing arises from the bad faith or wilful misconduct of, or breach of this deed by, Asciano or an Asciano Group Member or their respective Related Persons;

(ix) in addition to any limitation expressed in clause 6(a) to apply to all of this clause 6, nothing in this clause 6(b), shall require cooperation to the extent that it would:

(A) cause any condition precedent in clause 3.1 to not be satisfied or otherwise cause a breach of this deed; or

(B) require an Asciano Group Member to take any action that would reasonably be expected to conflict with or violate the Asciano Group Member constituent documents or any law; or

(C) require the approval of shareholders of Asciano under section 260B of the Corporations Act or equivalent or analogous restriction in any jurisdiction; and

(x) none of the Asciano Group Members shall be required to execute prior to Implementation any agreements, including any credit or other agreements, pledge or security documents, or other certificates, legal opinions or documents in connection with the equity or debt financing.

7 Representations and warranties

7.1 Common GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco and Qube representations and warranties

Each of GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco and Qube (each a ***Warrantor***) represents and warrants to Asciano (in its own right and separately as trustee or nominee for Asciano's Indemnified Parties) that each of the following statements are true and correct with respect to the relevant Warrantor (except that where it is noted below that a warranty relates to a particular Warrantor only, then only that Warrantor gives that warranty with respect to itself):

(a) **validly existing**:

(i) with respect to GIP only, the GIP Bell Australia Unit Trust is duly established and validly subsisting;

(ii) with respect to CPPIB only, CPPIB is a corporation duly established by statute and validly existing under the laws of the place of its incorporation;

(iii) with respect to bcIMC only, the bcIMC Nitro Investment Trust is duly established and validly subsisting; and

(iv) with respect to each other Warrantor, it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;

(b) **authority**: the execution and delivery of this deed has been properly authorised by all necessary corporate action of the Warrantor;

(c) **power**:

(i) with respect to GIP only, Global Infrastructure Management Australia Pty Ltd is empowered by the trust deed of the GIP Bell Australia Unit Trust to enter into and perform its obligations under this Deed in its capacity as a trustee of the GIP Bell Australia Unit Trust;

(ii) with respect to bcIMC only, bcIMC Nitro Trustee Inc., is empowered by the trust deed of the bcIMC Nitro Investment Trust to enter into and perform its obligations under this Deed, in its capacity as a trustee of the bcIMC Nitro Investment Trust; and

(iii) with respect to each other Warrantor, it has the power to enter into and perform its obligations under this Deed;

(d) **no default**: this deed does not conflict with or result in the breach of or a default under:

(i) any provision of its constitution or, if applicable, other constituent document (and, with respect to GIP only, of the trust deed of the GIP Bell Australia Unit Trust and, with respect to bcIMC only, of the trust deed of the bcIMC Nitro Investment Trust); and

(ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which the Warrantor (and, with respect to GIP only, the GIP Bell Australia Unit Trust and, with respect to bcIMC only, the bcIMC Nitro Investment Trust) is bound,

and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;

(e) **deed binding**:

(i) with respect to GIP only, as a continuing obligation, this deed is a valid and binding obligation of Global Infrastructure Management Australia Pty Ltd as trustee of the GIP Bell Australia Unit Trust, enforceable in accordance with its terms;

(ii) with respect to bcIMC only, as a continuing obligation, this deed is a valid and binding obligation of bcIMC Nitro Trustee, Inc. as trustee of the bcIMC Nitro Investment Trust, enforceable in accordance with its terms; and

(iii) with respect to each other Warrantor, as a continuing obligation, this deed is a valid and binding obligation of the Warrantor, enforceable in accordance with its terms; and

(f) **Insolvency Event or regulatory action**: no Insolvency Event has occurred in relation to the Warrantor, nor has any regulatory action of any nature of which the Warrantor is aware been taken that would prevent or restrict the Warrantor's ability to fulfil its obligations under this deed.

7.2 Indemnity by GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco and Qube

Each of GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco and Qube agrees with Asciano (in its own right and separately as trustee or nominee for Asciano's Indemnified Parties) to indemnify Asciano and each of Asciano's Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Asciano or any of Asciano's Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties given by GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco or Qube (respectively) in clause 7.1. For the avoidance of doubt, each of GIP, CPPIB, Shunrong, GIC, bcIMC, QH Investco and Qube gives the indemnity severally, not jointly.

7.3 Brookfield representation and warranties

Brookfield represents and warrants to Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) that:

(a) **validly existing**: BIPL and BIF II GP are validly existing corporations registered under the laws of their places of incorporation and BIP and BIF II are limited partnerships validly existing under the laws of the places of their formation;

(b) **authority**: the execution and delivery of this deed has been properly authorised by all necessary corporate action of Brookfield;

(c) **BIPL's power**: BIPL has full capacity, corporate power and lawful authority to execute, deliver and perform this deed on behalf of BIP and no approvals of any BIPL or BIP securityholders are required to do so;

(d) **BIF II GP's power**: BIF II GIP has full capacity, corporate power and lawful authority to execute, deliver and perform this deed on behalf of BIF II;

(e) **no default**: this deed does not conflict with or result in the breach of or a default under:

(i) any provision of the limited partnership agreements governing BIP and BIF II, or the articles or by-laws of BIPL and BIF II LP, as amended; or

(ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other Brookfield Group Member is bound,

and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;

(f) **deed binding**: as a continuing obligation, this deed is a valid and binding obligation of BIPL in its capacity as general partner of BIP and of BIF II GP in its capacity as general partner of BIF II, enforceable in accordance with its terms; and

(g) **Insolvency Event or regulatory action**: no Insolvency Event has occurred in relation to it , nor has any regulatory action of any nature of which it is aware been taken that would prevent or restrict its ability to fulfil its obligations under this deed.

7.4 Brookfield's indemnity

Brookfield agrees with Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) to indemnify Asciano and each of Asciano's Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Asciano or any of Asciano's Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.3.

7.5 Rail Consortium representations and warranties

The Rail Consortium represents and warrants to Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) that:

(a) **Rail Consortium Information**: the Rail Consortium Information provided for inclusion in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Asciano Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having being formed on a reasonable basis), including by way of omission from that statement;

(b) **basis of Rail Consortium Information**: the Rail Consortium Information:

(i) will be provided to Asciano in good faith and on the understanding that Asciano and each of Asciano's Indemnified Parties will rely on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme; and

(ii) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption,

and all information provided by the Rail Consortium to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;

(c) **new information**: it will, as a continuing obligation, provide to Asciano all further or new information which arises after the Scheme Booklet has been despatched to Asciano Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Rail Consortium Information is not misleading or deceptive (including by way of omission);

(d) **sufficient funding**: BidCo will have sufficient cash reserves (whether from internal cash reserves or external debt and/or equity funding arrangements) available to it on an unconditional basis (excepting conditions under the control of the Rail Consortium, or conditions relating to, or which will cease to apply or be satisfied following, Court approval) to meet its obligations to pay the Scheme Consideration in accordance with its obligations under this deed, the Scheme and the Deed Poll;

(e) **not misleading**: all information it has provided to the Independent Expert, pursuant to clause 5.2(c) or otherwise, or to Asciano, is accurate and not misleading in a material

respect, and it has not omitted any information required to make the information provided to the Independent Expert or Asciano not misleading in a material respect; and

(f) **BidCo**: as at the time of implementation of the Scheme, BidCo will not have any shareholders other than a Rail Consortium Member, a Related Body Corporate of a Rail Consortium Member, or an entity which holds shares in BidCo as nominee for Rail Consortium Member or Related Body Corporate of a Rail Consortium Member, or as may be disclosed to Asciano.

7.6 Rail Consortium's indemnity

The Rail Consortium agrees with Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) to indemnify Asciano and each of Asciano's Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Asciano or any of Asciano's Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.5.

7.7 Ports Consortium representations and warranties

The Ports Consortium represents and warrants to Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) that:

(a) **Ports Consortium Information**: the Ports Consortium Information provided for inclusion in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Asciano Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having being formed on a reasonable basis), including by way of omission from that statement;

(b) **basis of Ports Consortium Information**: the Ports Consortium Information:

(i) will be provided to Asciano in good faith and on the understanding that Asciano and each of Asciano's Indemnified Party will rely on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme; and

(ii) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption,

and all information provided by the Ports Consortium to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;

(c) **new information**: it will, as a continuing obligation, provide to Asciano all further or new information which arises after the Scheme Booklet has been despatched to Asciano Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Ports Consortium Information is not misleading or deceptive (including by way of omission);

(d) **not misleading**: all information it has provided to the Independent Expert, pursuant to clause 5.3(c) or otherwise, or to Asciano, is accurate and not misleading in a material respect, and it has not omitted any information required to make the information provided to the Independent Exert or Asciano not misleading in a material respect; and

(e) **sufficient funding**: the Ports Consortium will have sufficient cash reserves (whether from internal cash reserves or external debt and/or equity funding arrangements) available to it on an unconditional basis (excepting conditions under the control of the Ports

Consortium, or conditions relating to, or which will cease to apply or be satisfied following, Court approval) to meet any obligations under a Sale Agreement in accordance with its obligations under that Sale Agreement.

7.8 Ports Consortium's indemnity

The Ports Consortium agrees with Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) to indemnify Asciano and each of Asciano's Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Asciano or any of Asciano's Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.7.

7.9 BAPS Consortium representations and warranties

The BAPS Consortium represents and warrants to Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) that:

(f) **BAPS Consortium Information**: the BAPS Consortium Information provided for inclusion in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Asciano Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having being formed on a reasonable basis), including by way of omission from that statement;

(g) **basis of BAPS Consortium Information**: the BAPS Consortium Information:

(i) will be provided to Asciano in good faith and on the understanding that Asciano and each of Asciano's Indemnified Parties will rely on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme; and

(ii) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption,

and all information provided by the BAPS Consortium to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;

(h) **new information**: it will, as a continuing obligation, provide to Asciano all further or new information which arises after the Scheme Booklet has been despatched to Asciano Shareholders until the date of the Scheme Meeting which is necessary to ensure that the BAPS Consortium Information is not misleading or deceptive (including by way of omission);

(i) **not misleading**: all information it has provided to the Independent Expert, pursuant to clause 5.4(c) or otherwise, or to Asciano, is accurate and not misleading in a material respect, and it has not omitted any information required to make the information provided to the Independent Exert or Asciano not misleading in a material respect; and

(j) **sufficient funding**: the BAPS Consortium will have sufficient cash reserves (whether from internal cash reserves or external debt and/or equity funding arrangements) available to it on an unconditional basis (excepting conditions under the control of the BAPS Consortium, or conditions relating to, or which will cease to apply or be satisfied following, Court approval) to meet any obligations under a Sale Agreement in accordance with its obligations under that Sale Agreement.

7.10 BAPS Consortium's indemnity

The BAPS Consortium agrees with Asciano (in its own right and separately as trustee or nominee for each of Asciano's Indemnified Parties) to indemnify Asciano and each of Asciano's Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Asciano or any of Asciano's Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.9.

7.11 Asciano's representations and warranties

Asciano represents and warrants to:

(a) GIP (in its own right and separately as trustee or nominee for BidCo and each of GIP's Indemnified Parties);

(b) CPPIB (in its own right and separately as trustee or nominee for BidCo and each of the CPPIB's Indemnified Parties);

(c) Shunrong (in its own right and separately as trustee or nominee for BidCo and each of Shunrong's Indemnified Parties);

(d) GIC (in its own right and separately as trustee or nominee for BidCo and each of GIC's Indemnified Parties);

(e) bcIMC (in its own right and separately as trustee or nominee for BidCo and each of bcIMC's Indemnified Parties);

(f) QH Investco (in its own right and separately as trustee or nominee for each of QH Investco's Indemnified Parties);

(g) Brookfield (in its own right and separately as trustee or nominee for each of Brookfield's Indemnified Parties); and

(h) Qube (in its own right and separately as trustee or nominee for each of Qube's Indemnified Parties),

each of the Asciano Representations and Warranties.

7.12 Asciano's indemnity

Asciano agrees with:

(a) GIP (in its own right and separately as trustee or nominee for BidCo and each of GIP's Indemnified Parties) to indemnify GIP and each of GIP's Indemnified Parties;

(b) CPPIB (in its own right and separately as trustee or nominee for BidCo and each of CPPIB's Indemnified Parties) to indemnify CPPIB and each of CPPIB's Indemnified Parties;

(c) Shunrong (in its own right and separately as trustee or nominee for BidCo and each of Shunrong's Indemnified Parties) to indemnify Shunrong and each of Shunrong's Indemnified Parties;

(d) GIC (in its own right and separately as trustee or nominee for BidCo and each of GIC's Indemnified Parties) to indemnify GIC and each of GIC's Indemnified Parties;

(e) bcIMC (in its own right and separately as trustee or nominee for BidCo and each of bcIMC's Indemnified Parties) to indemnify bcIMC and each of bcIMC's Indemnified Parties;

(f) QH Investco (in its own right and separately as trustee or nominee for each of QH Investco's Indemnified Parties) to indemnify QH Investco and each of QH Investco's Indemnified Parties;

(g) Brookfield (in its own right and separately as trustee or nominee for each of Brookfield's Indemnified Parties) to indemnify Brookfield and each of Brookfield's Indemnified Parties; and

(h) Qube (in its own right and separately as trustee or nominee for each of Qube's Indemnified Parties) to indemnify Qube and each of Qube's Indemnified Parties,

from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that any of them suffers, incurs or is liable for arising out of any breach of any of the Asciano Representations and Warranties.

7.13 Survival of representations and warranties

Each representation and warranty made or given in this clause 7:

(a) is severable;

(b) survives the termination of this deed; and

(c) is given with the intention that liability under it is not confined to breaches that are discovered before the date of termination of this deed.

7.14 Survival of indemnities

Each indemnity in this deed (including those in this clause 7):

(a) is severable;

(b) is a continuing obligation;

(c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and

(d) survives the termination of this deed.

7.15 Timing of representations and warranties

Each representation and warranty made or given under this clause 7 is given at the date of this deed and repeated continuously thereafter until 8.00am on the Second Court Date unless that representation or warranty is expressed to be given at a particular time, in which case it is given at that time.

8 Releases

8.1 Asciano and Asciano directors and officers

(a) Each Rail Consortium Member, Ports Consortium Member and BAPS Consortium Member releases its rights, and agrees with Asciano that it will not make a claim, against any of Asciano's Indemnified Parties (other than Asciano and its Related Bodies Corporate) as at the date of this deed and from time to time in connection with:

(i) any breach of any representations and warranties of Asciano or any other member of the Asciano Group in this deed; or

(ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the relevant Indemnified Party has not acted in good

faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 8.1(a) limits the rights of the Rail Consortium, Ports Consortium and BAPS Consortium to terminate this deed under clause 13.2(a).

(b) This clause 8.1 is subject to any Corporations Act restriction and will be read down accordingly.

(c) Asciano receives and holds the benefit of this clause 8.1 to the extent it relates to each of Asciano's Indemnified Party as trustee for each of them.

8.2 Other parties' directors and officers

(a) Asciano releases its rights, and agrees with each Rail Consortium Member, Ports Consortium Member and BAPS Consortium Member that it will not make a claim, against any of their respective Indemnified Parties (other than a Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member or any of their respective Related Bodies Corporate) as at the date of this deed and in connection with:

(i) any breach of any representations and warranties of a Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member in this deed; or

(ii) any disclosures containing any statement which is false or misleading whether in content or by omission,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the relevant Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 8.2(a) limits Asciano's rights to terminate this deed under clause 13.2(b).

(b) This clause 8.2 is subject to any Corporations Act restriction and will be read down accordingly.

(c) Each Rail Consortium Member, Ports Consortium Member and BAPS Consortium Member receives and holds the benefit of this clause 8.2 to the extent it relates to each of their respective Indemnified Parties as trustee for each of them.

8.3 Deeds of indemnity and insurance

(a) Subject to the Scheme becoming Effective and having been implemented, the Rail Consortium undertakes in favour of Asciano and each of Asciano's Indemnified Party that it will:

(i) subject to clause 8.3(f) and to the extent permitted by law, for a period of 7 years from the Implementation Date, ensure that the constitutions of Asciano and each other Asciano Group Member (other than PortsCo, BAPSCo or any of their respective Subsidiaries) continue to contain such rules as are contained in those constitutions as at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company (and Asciano undertakes not to vary, and must ensure there is no variation of, those constitutional arrangements); and

(ii) procure that Asciano and each other Asciano Group Member (other than PortsCo, BAPSCo or any of their respective Subsidiaries) complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers as at the date of this deed (and Asciano undertakes not to vary, and must ensure there is no variation of, those arrangements, except that it may enter into such deeds with newly appointed

directors and officers on terms materially consistent with existing deeds as at the date of this deed) and, without limiting the foregoing, not take any action which would prejudice or adversely affect any directors' and officers' runoff insurance cover taken out prior to the Implementation Date.

(b) Subject to the Scheme becoming Effective and completion under the Ports SPA having occurred, the Ports Consortium undertakes in favour of Asciano and each of Asciano's Indemnified Parties that it will:

(i) subject to clause 8.3(g) and to the extent permitted by law, for a period of 7 years from the Implementation Date, ensure that the constitutions of PortsCo and each of its Subsidiaries continue to contain such rules as are contained in those constitutions as at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company (and Asciano undertakes not to vary, and must ensure there is no variation of, those constitutional arrangements); and

(ii) procure that PortsCo and each of its Subsidiaries complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers as at the date of this deed (and Asciano undertakes not to vary, and must ensure there is no variation of, those arrangements, except that it may enter into such deeds with newly appointed directors and officers on terms materially consistent with existing deeds as at the date of this deed) and, without limiting the foregoing, not take any action which would prejudice or adversely affect any directors' and officers' runoff insurance cover taken out prior to the Implementation Date.

(c) Subject to the Scheme becoming Effective and completion of the acquisition of BAPSCo under the BAPS SPA having occurred, Brookfield undertakes in favour of Asciano and each of Asciano's Indemnified Parties that it will:

(i) subject to clause 8.3(h) and to the extent permitted by law, for a period of 7 years from the Implementation Date, ensure that the constitutions of BAPSCo and each of its Subsidiaries continue to contain such rules as are contained in those constitutions as at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company (and Asciano undertakes not to vary, and must ensure there is no variation of, those constitutional arrangements); and

(ii) procure that BAPSCo and each of its Subsidiaries complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers as at the date of this deed (and Asciano undertakes not to vary, and must ensure there is no variation of, those arrangements, except that it may enter into such deeds with newly appointed directors and officers on terms materially consistent with existing deeds as at the date of this deed) and, without limiting the foregoing, not take any action which would prejudice or adversely affect any directors' and officers' runoff insurance cover taken out prior to the Implementation Date.

(d) The undertakings contained in clauses 8.3(a), 8.3(b) and 8.3(c) are subject to any Corporations Act restriction and will be read down accordingly.

(e) Asciano receives and holds the benefit of clauses 8.3(a), 8.3(b) and 8.3(c), to the extent they relate to Asciano's Indemnified Parties, as trustee for them.

(f) The undertakings contained in clause 8.3(a) are given until the earlier of the end of the relevant period specified in clause 8.3(a) or the relevant Asciano Group Member ceasing to be a Related Body Corporate of BidCo.

(g) The undertakings contained in clause 8.3(b) are given until the earlier of the end of the relevant period specified in clause 8.3(b) or PortsCo or the relevant Subsidiary of PortsCo (as applicable) ceasing to be a Related Body Corporate of Ports HoldCo.

(h) The undertakings contained in clause 8.3(c) are given until the earlier of the end of the relevant period specified in clause 8.3(c) or BAPSCo or the relevant Subsidiary of BAPSCo (as applicable) ceasing to be a Related Body Corporate of BAPS HoldCo.

(i) The Rail Consortium, Ports Consortium and BAPS Consortium acknowledge that, notwithstanding any other provision of this deed, Asciano may, prior to the Implementation Date, enter into a run-off insurance policy in respect of any of Asciano's Indemnified Parties for a 7 year period (or longer if the Rail Consortium, Ports Consortium and BAPS Consortium agree, each acting reasonably), and that any actions to facilitate that insurance or in connection therewith will not be an Asciano Prescribed Occurrence, Asciano Regulated Event or breach any provision of this deed, provided that Asciano has not acted unreasonably and has consulted with the Rail Consortium, Ports Consortium and BAPS Consortium (each of whom must act reasonably and not so as to cause delay) in entering into any such policy.

9 Public announcement

9.1 Announcement of the Scheme and Asset Sales

(a) Immediately after the execution of this deed, Asciano, Brookfield and Qube must, after consultation with the other parties to this deed, each issue a public announcement in a form agreed to in writing between all parties to this deed.

(b) Asciano agrees that its public announcement will include a unanimous recommendation by the Asciano Board to Asciano Shareholders that, in the absence of a Superior Proposal and subject to any unfavourable conclusion in the Independent Expert's Report, Asciano Shareholders vote in favour of the Scheme.

9.2 Public announcements

Subject to clause 9.3, no public announcement or public disclosure of the Transactions or any other transaction the subject of a Transaction Document may be made other than in a form approved by each party in writing (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.

9.3 Required disclosure

Where a party is required by applicable law or any applicable listing rules to make any announcement or to make any disclosure in connection with the Transactions or any other transaction the subject of a Transaction Document, it must use all reasonable endeavours, to the extent practicable and lawful, to consult with the other parties prior to making the relevant disclosure.

10 Confidentiality

(a) The parties acknowledge and agree that, after the date of this deed, they continue to be bound by the Confidentiality Agreements to which they are party. The rights and obligations of the parties under each Confidentiality Agreement survive termination of this deed. Subject to clause 10(b), if there is any inconsistency between the provisions of this

deed and the provisions of a Confidentiality Agreement, the provisions of this deed will prevail to the extent of any inconsistency and the provisions of the Confidentiality Agreement will be construed accordingly.

(b) Notwithstanding any other provision of this deed, any requirement of any party to provide information in accordance with any provision of this deed, must be read subject to (including to the extent that this results in reading down any obligation in this deed to provide such information), and any information so provided must be dealt with in accordance with, any information handling protocols agreed between the parties under or connection with the provision of information under the Confidentiality Agreements prior to the date of the deed.

11 Exclusivity

11.1 No shop and no talk

During the Exclusivity Period, Asciano must not, and must ensure that each of its Related Persons does not, directly or indirectly, without the prior written consent of the Rail Consortium, Ports Consortium and BAPS Consortium:

(a) (**no shop**) solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any Third Party in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any Third Party an intention to do anything referred to in this clause 11.1(a); or

(b) (**no talk**) subject to clause 11.2:

(i) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any Third Party to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal by a Third Party or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal by a Third Party;

(ii) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal by a Third Party;

(iii) disclose or otherwise provide any non-public information about the business or affairs of the Asciano Group to a Third Party (other than a Government Agency that has a right to obtain that information and has sought it) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal by a Third Party (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Asciano Group); or

(iv) communicate to any Third Party an intention to do anything referred to in the preceding paragraphs of this clause 11.1(b),

but nothing in this clause 11.1 prevents Asciano from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Transactions.

11.2 Fiduciary exception

Clause 11.1(b) does not prohibit any action or inaction by Asciano or any of its Related Persons in relation to an actual, proposed or potential Competing Proposal if compliance with that clause would, in the opinion of the Asciano Board, formed in good faith after receiving written advice from its external legal advisers, constitute, or would be likely to constitute, a breach of any of the fiduciary or statutory duties of the directors of Asciano, provided that any actual, proposed or potential Competing Proposal in question was not directly or indirectly brought about by, or facilitated by, a breach of clause 11.1(a).

11.3 Notification of approaches

(a) During the Exclusivity Period, Asciano must as soon as possible notify the Rail Consortium, Ports Consortium and BAPS Consortium in writing if it, or any of its Related Persons, becomes aware of any:

(i) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal by a Third Party;

(ii) proposal made to Asciano or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal by a Third Party; or

(iii) provision by Asciano or any of its Related Persons of any non-public information concerning the business or operations of Asciano or the Asciano Group to any to a Third Party in connection with an actual, proposed or potential Competing Proposal,

whether direct or indirect, solicited or unsolicited, and in writing or otherwise. For the avoidance of doubt, any of the acts described in paragraphs (i) to (iii) may only be taken by Asciano if not proscribed by clause 11.1 or if permitted by clause 11.2.

(b) A notification given under clause 11.3(a) must include the identity of the relevant Third Party making or proposing the relevant actual, proposed or potential Competing Proposal, together with all material terms and conditions of the actual, proposed or potential Competing Proposal.

11.4 Matching right

(a) Without limiting clause 11.1, during the Exclusivity Period, Asciano:

(i) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which any Third Party, Asciano or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal by a Third Party; and

(ii) must use its best endeavours to procure that none of its directors change their recommendation in favour of the Transaction to publicly recommend an actual, proposed or potential Competing Proposal by a Third Party (or recommend against the Scheme),

unless:

(iii) the Asciano Board acting in good faith and in order to satisfy what the Asciano Board Members consider to be their statutory or fiduciary duties (having received written advice from its external legal advisers) determines that the Competing

Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;

(iv) Asciano has provided the Rail Consortium, Ports Consortium and BAPS Consortium with the material terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;

(v) Asciano has given the Rail Consortium, Ports Consortium and BAPS Consortium at least 5 Business Days after the date of the provision of the information referred to in clause 11.4(a)(iv) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and

(vi) the Rail Consortium, Ports Consortium and BAPS Consortium have not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 5 Business Day period in clause 11.4(a)(v).

(b) If the Rail Consortium, Ports Consortium and BAPS Consortium propose to Asciano, or announces, amendments to the Transaction Documents or a new proposal that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal (***Bidder Counterproposal***) by the expiry of the 5 Business Day period in clause 11.4(a)(v), Asciano must procure that the Asciano Board considers the Bidder Counterproposal and if the Asciano Board, acting reasonably and in good faith, determines that the Bidder Counterproposal would provide an equivalent or superior outcome for Asciano Shareholders as a whole (other than Associated Shareholders) compared with the Competing Proposal, taking into account all of the terms and conditions of the Bidder Counterproposal, then Asciano, the Rail Consortium, Ports Consortium and BAPS Consortium must use their best endeavours to agree the amendments to this deed and, if applicable, the Scheme, Deed Poll and Sale Agreements that are reasonably necessary to reflect the Bidder Counterproposal and to implement the Bidder Counterproposal, in each case as soon as reasonably practicable, and Asciano must use its best endeavours to procure that each of the directors of Asciano continues to recommend the Scheme (as modified by the Bidder Counterproposal) to Asciano Shareholders.

11.5 Cease discussions

(a) Asciano must cease any discussions or negotiations existing as at the date of this deed relating to:

(i) any actual, proposed or potential Competing Proposal;

(ii) any transaction that would, or would reasonably be expected to, reduce the likelihood of success of any Transaction.

(b) As soon as practicable, and in any event within 5 Business Days, following execution of this deed, to the extent it has not already done so, Asciano must request in writing (and diligently enforce) the immediate return or destruction of all Asciano's confidential information that has been provided to any Third Party since 30 June 2014 under a confidentiality agreement in relation to an actual, proposed or potential Competing Proposal and terminate those persons' access to Asciano's confidential information on an ongoing basis.

11.6 Provision of information

(a) During the Exclusivity Period, Asciano must as soon as possible provide the Rail Consortium, Ports Consortium and BAPS Consortium with:

(i) in the case of written materials, a copy of; and

(ii) in any other case, a written statement of,

any non-public information about the business or affairs of Asciano or the Asciano Group disclosed or otherwise provided to any person in connection with an actual, proposed or potential Competing Proposal (***Due Diligence Information***) that has not previously been provided to all the members of the Rail Consortium, Ports Consortium and BAPS Consortium (provided that it will not be obliged to so comply in respect of any Due Diligence Information provided to Brookfield in connection with a proposal by Brookfield to acquire Asciano prior to 7 February 2016). For the avoidance of doubt, any such provision of Due Diligence Information may only be undertaken if permitted by clause 11.2. Nothing in this clause requires Asciano to provide any Commercially Sensitive or Competitive Information to Qube, but this is subject to clause 5.6.

(b) In addition, Asciano agrees and acknowledges that, notwithstanding anything else in this deed or a Confidentiality Agreement, any Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member may request Asciano's consent to disclose to another Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member any Due Diligence Information it has received from Asciano. Asciano's consent will not be unreasonably withheld or delayed where such disclosure is consistent with any information handling protocols agreed between the parties under or in connection with any Confidentiality Agreement (including, without limitation, as such protocols relate to the disclosure of Commercially Sensitive or Competitive Information to Qube).

11.7 Legal advice

Asciano represents and warrants to the Rail Consortium, Ports Consortium and BAPS Consortium that:

(a) prior to entering into this deed, it has received legal advice on this deed and the operation of this clause 11; and

(b) it and the Asciano Board consider this clause 11 to be fair and reasonable and that it is appropriate to agree to the terms in this clause 11 in order to secure the significant benefits to it, and the Asciano Shareholders resulting from the transactions contemplated hereby.

12 Reimbursement Fee

12.1 Background to Reimbursement Fee

(a) The parties acknowledge that, if they enter into this deed and the Scheme is subsequently not implemented, each of GIP, CPPIB, Shunrong and Qube will incur significant costs, including those set out in clause 12.4.

(b) In these circumstances, each of GIP, CPPIB, Shunrong and Qube requested that provision be made for the payments outlined in clause 12.2, without which each of GIP, CPPIB, Shunrong and Qube would not have entered into this deed or otherwise agreed to assist in implementing the Scheme and other Transactions.

(c) The Asciano Board believes, having taken advice from Asciano's legal advisors and Financial Advisors, that the implementation of the Scheme and other Transactions will

provide benefits to Asciano and that it is appropriate for Asciano to agree to the payments referred to in clause 12.2 in order to secure each of GIP's, CPPIB's, Shunrong's and Qube's participation in the Transactions.

12.2 Reimbursement Fee triggers

Asciano must pay the Reimbursement Fee to GIP, CPPIB, Shunrong and Qube, without set-off or withholding, if:

(a) a Competing Proposal of any kind is announced, either by a Third Party or by Asciano in connection with a Competing Proposal from a Third Party, during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement:

(i) the Third Party or any Associate of that Third Party completes a Competing Proposal of a kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal, or a Competing Proposal of that kind involving the Third Party or any Associate of that Third Party becomes unconditional; or

(ii) without limiting clause 12.2(a)(i), the Third Party or any Associate of that Third Party acquires Control of the Target; or

(b) the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) terminate this deed pursuant to clause 13.1(a)(i).

12.3 Timing of payment of Reimbursement Fee

(a) A demand by GIP, CPPIB, Shunrong and Qube (acting jointly) for payment of the Reimbursement Fee under clause 12.2 must:

(i) be in writing;

(ii) be made after the occurrence of the event in that clause giving rise to the right to payment;

(iii) state the circumstances which give rise to the demand; and

(iv) nominate one or more accounts into which the Reimbursement Fee must be paid.

(b) Asciano must pay the Reimbursement Fee into each account nominated by each of GIP, CPPIB, Shunrong and Qube, without set-off or withholding, within two Business Days after receiving a demand for payment (and prior to any reconstitution of the Asciano Board following a Competing Proposal becoming unconditional) where each of GIP, CPPIB, Shunrong and Qube are entitled under clause 12.2 to the Reimbursement Fee in their Reimbursement Fee Respective Proportions.

12.4 Basis of Reimbursement Fee

The Reimbursement Fee has been calculated to reimburse each of GIP, CPPIB, Shunrong and Qube for costs including the following:

(a) fees for legal, financial and other professional advice in planning and implementing the Transactions (excluding success fees);

(b) reasonable opportunity costs incurred in engaging in the Transactions or in not engaging in other alternative transactions or strategic initiatives, including costs arising from each of GIP, CPPIB, Shunrong and Qube being associated with a failed transaction and its resulting loss in market position;

(c) costs of management and directors' time in planning and implementing the Transactions; and

(d) out of pocket expenses incurred by each of GIP, CPPIB, Shunrong and Qube and their respective employees, advisers and agents in planning and implementing the Transactions,

and the parties agree that:

(e) the costs actually incurred by each of GIP, CPPIB, Shunrong and Qube will be of such a nature that they cannot all be accurately ascertained; and

(f) the Reimbursement Fee is a genuine and reasonable pre-estimate of those costs.

12.5 Compliance with law

(a) This clause 12 does not impose an obligation on Asciano to pay the Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Reimbursement Fee:

(i) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or

(ii) is determined to be unenforceable or unlawful by a court,

provided that all proper avenues of appeal and review, judicial and otherwise, have been exhausted. For the avoidance of doubt, any part of that fee that would not constitute 'unacceptable circumstances' or that is not unenforceable or unlawful (as applicable) must be paid by Asciano .

(b) The parties must not make or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in clause 12.5(a).

12.6 Reimbursement Fee payable only once

Where the Reimbursement Fee becomes payable to each of GIP, CPPIB, Shunrong and Qube under clause 12.2 and is actually paid to them, then none of GIP, CPPIB, Shunrong or Qube can make any claim against Asciano for payment of any subsequent Reimbursement Fee.

12.7 Other Claims

Notwithstanding any other provision of this deed but subject to clause 12.6:

(a) the maximum aggregate liability of Asciano to all parties under or in connection with this deed including in respect of any breach of the deed will be the amount of the Reimbursement Fee;

(b) subject to clause 12.7(d), a payment by Asciano in accordance with this clause 12 represents the sole and absolute liability of Asciano to any party under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Asciano to any party in connection with this deed;

(c) the amount paid to each of GIP, CPPIB, Shunrong and Qube under this clause 12 shall be reduced by the amount of any loss or damage recovered by any other party in relation to a breach of clause 11 or any other clause of this deed; and

(d) where clause 12.7(c) applies and the amount payable by Asciano under this clause 12 has already been paid, each of GIP, CPPIB, Shunrong and Qube must, within two Business Days of the event contemplated by clause 12.7(c) which would have reduced the amount payable, refund an amount to Asciano which is equivalent to that calculated under clause 12.7(c), with each of GIP, CPPIB, Shunrong and Qube responsible for that proportion of the refund equal to their Reimbursement Fee Respective Proportion.

12.8 No Reimbursement Fee if Scheme Effective

Despite anything to the contrary in this deed, no Reimbursement Fee will be payable if the Scheme becomes Effective, notwithstanding the occurrence of any event in clause 12.2 and, if a Reimbursement Fee has already been paid it must be refunded by each of GIP, CPPIB, Shunrong and Qube, with each of them responsible for that proportion of the refund equal to their Reimbursement Fee Respective Proportion.

13 Termination

13.1 Termination for material breach

(a) The Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) or Asciano may terminate this deed by written notice to each other party:

(i) other than in respect of a breach of either a representation or warranty (which are dealt with in clause 13.2), at any time before 8.00am on the Second Court Date if:

(A) from the perspective of the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly), Asciano has materially breached this deed or, from the perspective of Asciano, any other party has materially breached this deed;

(B) the party or parties entitled to terminate has or have given written notice to the party or parties in breach of this deed setting out the relevant circumstances and stating an intention to terminate this deed; and

(C) the party that received the notice has failed to remedy the breach within 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;

(ii) at any time before 8.00am on the Second Court Date if the Court or another Government Agency (including any other court) has taken any action permanently restraining or otherwise prohibiting or preventing the Transactions, or has refused to do anything necessary to permit the Transactions, and the action or refusal has become final and cannot be appealed or reviewed;

(iii) in the circumstances set out in, and in accordance with, clause 3.4; or

(iv) if the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date.

(b) The Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may terminate this deed by written notice to Asciano until 8.00am on the Second Court Date if:

(i) an Asciano Material Adverse Change or an Asciano Prescribed Occurrence occurs; or

(ii) any Asciano Board Member fails to recommend the Scheme or any Asciano Board Member withdraws, adversely revises or adversely modifies his or her recommendation that Asciano Shareholders (other than Associated Shareholders) vote in favour of the Scheme or any Asciano Board Member makes a public statement indicating that he or she no longer recommends the Scheme or recommending, supporting or endorsing another transaction (including any Competing Proposal).

(c) Asciano may terminate this deed by written notice to the other parties at any time before 8.00am on the Second Court Date if the Asciano Board or a majority of the Asciano

Board has changed, withdrawn or modified its recommendation as permitted under clause 5.9 and Asciano has complied with all of its obligations under clause 12.

(d) If, after the Scheme becomes Effective, one or more of the Sale Agreements is terminated due to a default by Asciano, then the Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may terminate this deed by written notice to each other party.

(e) If, after the Scheme becomes Effective, one or more of the Sale Agreements is terminated due to a default by a party to the Sale Agreement other than Asciano, then Asciano may terminate this deed by written notice to each other party.

13.2 Termination for breach of representations and warranties

(a) The Rail Consortium, Ports Consortium and BAPS Consortium (acting jointly) may, at any time prior to 8.00am on the Second Court Date, terminate this deed for breach of an Asciano Representation and Warranty only if:

(i) the Rail Consortium, Ports Consortium and BAPS Consortium have given written notice to Asciano setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse;

(ii) the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given under clause 13.2(a)(i); and

(iii) the relevant breach is material in the context of the Scheme as a whole.

(b) Asciano may, at any time before 8.00am on the Second Court Date, terminate this deed for breach of a representation and warranty given by any other party in clause 7 only if:

(i) Asciano has given written notice to the other parties setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse;

(ii) the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given under clause 13.2(b)(i); and

(iii) the relevant breach is material in the context of the Scheme taken as a whole.

(c) This deed is terminable if agreed to in writing by the parties.

13.3 Effect of termination

If this deed is terminated by any party under clauses 3.4, 13.1 or 13.2:

(a) each party will be released from its obligations under this deed, except that this clause 13.3, and clauses 1, 7, 8, 10, 12, 14, 15, 16, 17, 18 and 19 (except clause 19.10), will survive termination and remain in force;

(b) each party will retain the rights it has or may have against the other parties in respect of any past breach of this deed; and

(c) in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force and effect including any further obligations in respect of the Scheme.

13.4 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other parties stating that it terminates this deed and the provision under which it is terminating this deed.

13.5 No other termination

No party may terminate or rescind this deed except as permitted under clauses 3.4, 13.1 or 13.2.

14 Duty, costs and expenses

14.1 Stamp duty

The Rail Consortium must procure that BidCo:

(a) pays all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed or the Scheme; and

(b) indemnifies Asciano against any liability arising from its failure to comply with clause 14.1(a),

except to the extent otherwise agreed by the parties in writing or except to the extent that a Sale Agreement expressly provides that such stamp duty and any fines, penalties and interest with respect to such stamp duty is to be borne by a particular person or persons.

14.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution, delivery and performance of this deed and the proposed, attempted or actual implementation of this deed and the Transactions.

15 Several obligations

15.1 Rail Consortium

(a) Where this deed imposes any obligation or liability on the Rail Consortium (including an obligation on the Rail Consortium Members to procure that BidCo undertakes a specified action), that obligation or liability is imposed on the Rail Consortium Members severally in their Rail Consortium Respective Proportions, and no Rail Consortium Member will have any liability in respect of such obligation or liability beyond its Rail Consortium Respective Proportion.

(b) Where this deed contains a representation or warranty given by the Rail Consortium, that representation or warranty is given by the Rail Consortium Members severally in their Rail Consortium Respective Proportions, and no Rail Consortium Member will have any liability in respect of such representation or warranty beyond its Rail Consortium Respective Proportion.

(c) Where this deed confers a right on the Rail Consortium, that right must be exercised by the Rail Consortium Members jointly.

(d) Where this deed requires any consent from the Rail Consortium, that consent may only be given by the Rail Consortium Members jointly.

15.2 Ports Consortium

(a) Where this deed imposes any obligation or liability on the Ports Consortium (including an obligation on the Ports Consortium Members to procure that Ports HoldCo undertakes a specified action) that obligation or liability is imposed on the Ports Consortium Members

severally in their Ports Consortium Respective Proportions, and no Ports Consortium Member will have any liability in respect of such obligation or liability beyond its Ports Consortium Respective Proportion.

(b) Where this deed contains a representation or warranty given by the Ports Consortium, that representation or warranty is given by the Ports Consortium Members severally in their Ports Consortium Respective Proportions, and no Ports Consortium Member will have any liability in respect of such representation or warranty beyond its Ports Consortium Respective Proportion.

(c) Where this deed confers a right on the Ports Consortium, that right must be exercised by the Ports Consortium Members jointly.

(d) Where this deed requires any consent from the Ports Consortium, that consent may only be given by the Ports Consortium Members jointly.

15.3 BAPS Consortium

(a) Where this deed imposes any obligation or liability on the BAPS Consortium (including an obligation on the BAPS Consortium Members to procure that BAPS HoldCo undertakes a specified action) that obligation or liability is imposed on the BAPS Consortium Members severally in their BAPS Consortium Respective Proportions, and no BAPS Consortium Member will have any liability in respect of such obligation or liability beyond its BAPS Consortium Respective Proportion.

(b) Where this deed contains a representation or warranty given by the BAPS Consortium, that representation or warranty is given by the BAPS Consortium Members severally in their BAPS Consortium Respective Proportions, and no BAPS Consortium Member will have any liability in respect of such representation or warranty beyond its BAPS Consortium Respective Proportion.

(c) Where this deed confers a right on the BAPS Consortium, that right must be exercised by the BAPS Consortium Members jointly.

(d) Where this deed requires any consent from, the BAPS Consortium that consent may only be given by the BAPS Consortium Members jointly.

16 GST

(a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 16(e) if required) (***Consideration***) is exclusive of GST.

(b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (***Additional Amount***) is payable by the party providing Consideration for the Supply (***Recipient***) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (***Supplier***) in accordance with the GST Law.

(c) The Additional Amount payable under clause 16(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.

(d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 16(b):

(i) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;

(ii) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and

(iii) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.

(e) Despite any other provision in this deed if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (***Amount Incurred***), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.

(f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.

(g) Any term starting with a capital letter that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

17 Trustee limitation of liability

Notwithstanding any other provision in this Deed:

(a) Global Infrastructure Management Australia Pty Ltd (ACN 132 664 745) and bcIMC Nitro Trustee Inc. (each a ***Trustee***) enter into this Deed only in their capacity as trustee of the GIP Bell Australia Unit Trust and the bcIMC Nitro Investment Trust respectively (in each case, the ***Trust***) and in no other capacity. A liability arising under or in connection with this deed is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of property of the Trust out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of this deed and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed.

(b) The parties other than the Trustee may not sue the Trustee in any capacity other than as trustee of the Trust, including to seek the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any similar person to the Trustee or prove in any liquidation, administration or arrangement of or affecting the Trustee (except in relation to property of the Trust).

(c) The provisions of this clause 17 shall not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under the trust deed establishing the Trust or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the assets of the Trust, as a result of the Trustee's fraud, negligence or wilful default.

(d) No act or omission of the Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under this deed) will be considered fraud, negligence or wilful default of the Trustee for the purpose of clause 17(c) to the extent to which the act or omission was caused or contributed to by any failure by any other person to fulfil its obligations relating to the Trust or by any other act or omission of any other person.

(e) No attorney, agent, receiver or receiver and manager appointed in accordance with this deed has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Trustee for the purposes of clause 17(c).

(f) The Trustee is not obliged to do or refrain from doing anything under this deed (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 17(a) to 17(c).

18 Notices

18.1 Form of Notice

A notice or other communication to a party under this deed (**Notice**) must be:

(a) in writing and in English; and

(b) addressed to that party as nominated below (or any alternative details nominated to the sending party by Notice):

Party	Address	Addressee	Email
Asciano	Level 6 15 Blue Street North Sydney NSW Australia, 2060	Lyndall Stoyles	Lyndall_Stoyles@asciano.com.au
	Copy to King & Wood Mallesons Level 42, 600 Bourke Street Melbourne VIC 3000	Stephen Minns	Stephen.minns@au.kwm.com
GIP	12 East 49th Street, 38th Floor New York. New York 10017, USA	Julie Ashworth	Julie.Ashworth@global-infra.com
	Copy to Allens Deutsche Bank Place 126 Phillip St Sydney NSW 2000	Guy Alexander and Tom Story	Guy.Alexander@allens.com.au Tom.Story@allens.com.au
CPPIB	One Queen Street East, Suite 2500, Toronto, Ontario M5C 2W5 Canada	Bruce Hogg and Paul Bernath	bhogg@cppib.com pbernath@cppib.com
	Copy to Allens Level 37 101 Collins Street Melbourne VIC 3000	Wendy Rae	Wendy.Rae@allens.com.au

Party	Address	Addressee	Email
Shunrong	1939, 19/F, No. 1 Chaoyangmen Beidajie, Dongcheng District Beijing, 100010, China	Ms. Wang Yan and Mr. Bao Jianmin	wangy@china-inv.cn baojm@china-inv.cn
	Copy to Jones Day 88 Phillip St Sydney NSW 2000	Mark Crean and Robert Speed	mcrean@jonesday.com rspeed@jonesday.com
GIC	168 Robinson Road, #37-01, Capital Tower, Singapore 068912	Paul Barr and Chin Hau Boon	paulbarr@gic.com.sg boonchinhau@gic.com.sg
	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street Sydney NSW 2000	Philippa Stone	Philippa.stone@hsf.com
bcIMC	300-2950 Jutland Road, Victoria, BC, V8T 5K2	Lincoln Webb	privateplacements@bcimc.com
	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street Sydney NSW 2000	Philippa Stone	Philippa.stone@hsf.com
QH Investco	Legal Department Qatar Holding LLC Q-Tel Tower Diplomatic Area Street, West Bay Doha, Qatar	Office of General Counsel	notices.legal@qatarholding.qa
	Freshfields Bruckhaus Deringer 10 Collyer Quay 42-01 Ocean Financial Centre Singapore 049315	Gavin MacLaren	gavin.maclaren@freshfields.com
Brookfield	73 Front Street Hamilton, HM 12 Bermuda	Jane Sheere	Jane.sheere@brookfield.com
	Copy to Brookfield Level 22 135 King Street Sydney NSW 2000	Michael Ryan	Michael.ryan@au.brookfield.com
	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street Sydney NSW 2000	Philippa Stone	Philippa.stone@hsf.com
Qube	Level 27, 45 Clarence Street Sydney NSW, 2000	William Hara	william.hara@qube.com.au
	Copy to	Andrew Bullock	ABullock@gtlaw.com.au

Party	Address	Addressee	Email
	Gilbert + Tobin Level 37, 2 Park Street Sydney NSW 2000		

18.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (business hours period), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The earliest to occur of: (i) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email; (ii) the time that the email is first opened or read by the intended recipient, or an employee or officer of the intended recipient; and (iii) 2 hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that 2 hour period, an automated message that the email has not been delivered.

18.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 18.2).

19 General

19.1 Governing law and jurisdiction

(a) This deed is governed by the law in force in New South Wales.

(b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

19.2 Service of process

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 17.

19.3 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

19.4 Invalidity and enforceability

(a) If any provision of this deed is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.

(b) Clause 19.4(a) does not apply where enforcement of the provision of this deed in accordance with clause 19.4(a) would materially affect the nature or effect of the parties' obligations under this deed.

19.5 Waiver

No party to this deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 19.5 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

19.6 Variation

A variation of any term of this deed must be in writing and signed by the parties.

19.7 Assignment of rights

(a) A party may not assign, novate, declare a trust over or otherwise transfer or deal with any of its rights or obligations under this deed without the prior written consent of the other party.

(b) A breach of clause 19.7(a) by a party shall be deemed to be a material breach for the purposes of clause 13.1(a)(i).

(c) Clause 19.7(b) does not affect the construction of any other part of this deed.

19.8 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of clause 11 and that each Rail Consortium Member, Ports Consortium

Member and BAPS Consortium Member is entitled to seek and obtain without limitation injunctive relief if Asciano breaches clause 11.

19.9 No third party beneficiary

This deed shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed is intended to or shall confer on any other person, other than the Indemnified Parties to the extent set forth in clause 7, any third party beneficiary rights.

19.10 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it.

19.11 Entire agreement

This deed, the Sale Agreements and the Confidentiality Agreements contain the entire agreement between the parties with respect to their subject matter. They set out the only conduct, representations, warranties, covenants, conditions, agreements or understandings (collectively ***Conduct***) relied on by the parties and supersede all earlier Conduct by or between the parties in connection with their subject matter. No party has relied on or is relying on any other Conduct in entering into this deed and completing the transactions contemplated by it.

19.12 Counterparts

This deed may be executed in any number of counterparts.

19.13 Relationship of the parties

(a) Nothing in this deed gives a party authority to bind any other party in any way.

(b) Nothing in this deed imposes any fiduciary duties on a party in relation to any other party.

19.14 Remedies cumulative

Except as provided in this deed and permitted by law, the rights, powers and remedies provided in this deed are cumulative with, and not exclusive of, the rights, powers and remedies provided by law independently of this deed.

19.15 Exercise of rights

(a) Unless expressly required by the terms of this deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this deed.

(b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.

Schedule 1

Definitions and interpretation

1 Definitions

Term	Meaning
AAT	Australian Amalgamated Terminals Pty Ltd (ACN 098 458 229) including, for the avoidance of doubt, any related shareholder loan owed by that entity to the Asciano Group.
ACCC	the Australian Competition and Consumer Commission.
ACFS	ACFS Port Logistics Pty Limited (ACN 603 120 047).
Affiliate	a person is an "affiliate" of Brookfield if one is directly or indirectly controlled by Brookfield or if both are directly or indirectly controlled by a third person and includes a partnership or other fund or account which is managed by BAM or any of its Subsidiaries; and for the purposes of this definition, and the definition of "BIP Group", only "control" of a person means the right to: 1. elect or appoint a majority of the directors (or persons or entities performing a similar function) of such person; 2. the ability to otherwise exercise a majority of the voting rights in respect of that person; or 3. the ability to otherwise control the management of such person whether by virtue of the terms of its constitutional documents, contractual rights, or otherwise; and "controlled" has a corresponding meaning.
Asciano Board	the board of directors of Asciano and an **Asciano Board Member** means any director of Asciano comprising part of the Asciano Board.
Asciano Consolidated Tax Group	the consolidated group of which Asciano is the head company (where 'consolidated group' and 'head company' have the same meaning as in the Tax Act).
Asciano EBITDA	earnings before interest expense, tax, depreciation and amortisation and significant and non-recurring items, consistent with "underlying EBITDA" and the equity accounted income in Asciano's financial reports from time to time.
Asciano Group	Asciano and each of its Subsidiaries, and a reference to a '**Asciano Group Member**' or a '**member of the Asciano Group**' is to Asciano or any of its Subsidiaries.
Asciano Executive Incentive Plan Rules	the employee incentive plan rules of that name issued by Asciano.
Asciano Information	all information to be included by Asciano in the Scheme Booklet that explains the effect of the Scheme and sets out the information prescribed by the Corporations Act and Corporations Regulations,

Term	Meaning
	and any other information that is material to the making of a decision by Asciano Shareholders whether or not to vote in favour of the Scheme, being information that is within the knowledge of each of the Asciano Board Members included in the Scheme Booklet other than: 1 the Rail Consortium Information; 2 the Ports Consortium Information; 3 the BAPS Consortium Information; and 4 the Independent Expert's Report, and includes any information provided by Asciano to the Rail Consortium, Ports Consortium or BAPS Consortium or obtained by any of them from Asciano's public filings on ASX and ASIC contained in, or used in the preparation of, the Rail Consortium Information, Ports Consortium Information or BAPS Consortium Information.
Asciano Interim Dividend	the interim dividend on Asciano Shares in respect of the half-year ending 31 December 2015 of A$0.13 per Asciano Share.
Asciano Long Term Incentive Plan Rules	the employee incentive plan rules of that name issued by Asciano.
Asciano Material Adverse Change	an event, change, condition, matter, circumstance or thing occurring before, on or after the date of this deed (each a ***Specified Event***) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have: 1 a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Asciano Group taken as a whole; or 2 without limiting the generality of paragraph 1 above: (a) the effect of a diminution in the value of the consolidated net tangible assets of: (i) the Asciano Group, taken as a whole, by at least 10% against what it would reasonably have been expected to have been but for such Specified Event; or (ii) the Ports Businesses and BAPS Businesses together, by at least 20% against what it would reasonably have been expected to have been but for such Specified Event; or (b) the effect of a diminution in: (i) the consolidated Asciano EBITDA of the Asciano Group, taken as a whole, by at

Term	Meaning
	least 10% in any financial year for the Asciano Group; or (ii) the Ports and BAPS EBITDA, by at least 20% in the FY 16 financial year for the Asciano Group, against either (i) what they would reasonably have been expected to have been in the relevant financial year but for such Specified Event; or (ii) FY15 consolidated Asciano EBITDA or FY15 Ports and BAPS EBITDA (as the case may be), other than those events, changes, conditions, matters, circumstances or things: 3 required or permitted by a Transaction Document or a Transaction; 4 that are Fairly Disclosed in the Disclosure Materials; 5 agreed to in writing by the Rail Consortium, Ports Consortium and BAPS Consortium; 6 that Asciano Fairly Disclosed in an announcement made by Asciano to ASX, or a document lodged by it with ASIC that is publicly available, since January 2014; 7 resulting from changes in law or in general economic, political or business conditions; or 8 resulting from any change occurring directly as a result of a general deterioration in equity markets, interest rates, exchange rates or credit spreads, that impacts Asciano and its competitors in a similar manner.
Asciano Permitted Special Dividend	the payment by Asciano of a special dividend of up to A$0.90 per Asciano Share, as referred to in clause 4.6 (and subject to the limitation in relation to franking and the size of the Asciano Permitted Special Dividend referred to in that clause).
Asciano Prescribed Occurrence	other than as: 1 required or permitted by a Transaction Document or a Transaction; 2 Fairly Disclosed in the Disclosure Materials; 3 agreed to in writing by the Rail Consortium (in respect of any matter impacting the Asciano Group (other than to the extent any such impact relates only to the Ports Businesses and/or BAPS Businesses)), Ports Consortium (in respect of any matter impacting the Ports Businesses) or BAPS Consortium (in respect of any matter impacting the BAPS Businesses) (in each case, such agreement not to be unreasonably withheld or delayed); or 4 Fairly Disclosed by Asciano in an announcement made by

Term	Meaning
	Asciano to ASX, or a document lodged by it with ASIC that is publicly available, since 1 January 2014,
	the occurrence of any of the following (and, for the avoidance of doubt, in the case of any occurrence subject to a monetary threshold, the monetary threshold stated will be exclusive of and in addition to any amount required, permitted, agreed to or disclosed as provided above):
	5 Asciano converting all or any of its shares into a larger or smaller number of shares;
	6 Asciano reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares (other than any on market acquisition of shares to satisfy the vesting of any Asciano Rights listed in Schedule 4 or which have been granted as permitted by this deed);
	7 the Asciano Representation and Warranty in paragraph (j) of Schedule 2 being inaccurate;
	8 Asciano or any Subsidiary declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its member, or announcing an intention to do any of the above, other than:
	(a) to a directly or indirectly wholly-owned Subsidiary of Asciano;
	(b) paying the Asciano Interim Dividend or Asciano Permitted Special Dividend; or
	(b) any pro rata distribution to members made by an entity of which Asciano or any Subsidiary is a member;
	9 Asciano making any change to its constitution;
	10 Asciano or any Subsidiary resolving to reduce its share capital in any way other than to a directly or indirectly wholly-owned Subsidiary of Asciano;
	11 Asciano or any Subsidiary:
	(a) entering into a buy-back agreement; or
	(b) resolving to approve the terms of a buy-back agreement under the Corporations Act;
	12 a member of the Asciano Group issuing shares, or granting an option over its shares (provided that the issue or grant of an Asciano Right is not to be regarded as the issue of a share or option for the purposes of this item), or agreeing to make such an issue or grant such an option, other than:
	(a) to a directly or indirectly wholly-owned Subsidiary of Asciano; or

Term	Meaning
	(b) the issue of shares upon the vesting of any of Asciano Rights where Asciano believes, acting reasonably, that the purchase of shares on market may be a breach of law;
	13 a member of the Asciano Group issuing or agreeing to issue securities convertible into shares (including any issue or grant of Asciano Rights) other than to:
	(a) a directly or indirectly wholly-owned Subsidiary of Asciano;
	(b) a grant of Asciano Rights resulting in the total of number of Asciano Rights on issue not exceeding 3,358,581;
	(c) a grant of an additional number of Asciano Rights that may be granted under the current FY16 STI plan calculated in accordance with the arrangements Fairly Disclosed in the Disclosure Letter; or
	(d) if the Scheme has not been implemented prior to 30 June 2016, a grant of Asciano Rights for FY 17 in the ordinary course of Asciano's business not exceeding 50,000 Asciano Rights in aggregate;
	14 a member of the Asciano Group disposing, or agreeing to dispose, of the whole, or a substantial part, of the Asciano Group's business or property;
	15 a member of the Asciano Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of the Asciano Group's business or property;
	16 an Insolvency Event occurs in relation to a member of the Asciano Group;
	17 a member of the Asciano Group:
	(a) acquiring or disposing of;
	(b) agreeing to acquire or dispose of; or
	(c) offering, proposing or announcing a bid for,
	any business, assets, entity or undertaking, the value of which exceeds A$30,000,000 individually or A$100,000,000 in aggregate;
	18 a member of the Asciano Group:
	(a) entering into any contract or commitment requiring payments by the Asciano Group in excess of:
	(i) in respect of the Asciano Group as a whole, A$100,000,000 (individually or in aggregate); or

Term	Meaning
	(ii) in respect of the Ports Businesses or BAPS Businesses, A$30,000,000 individually;
	(b) (without limiting the foregoing) agreeing to incur capital expenditure from the date of this deed of more than:
	(i) in respect of the Asciano Group as a whole, A$100,000,000 (individually or in aggregate); or
	(ii) in respect of the Ports Businesses or BAPS Businesses, A$30,000,000 individually; or
	(c) waiving any material Third Party default where the financial impact on the Asciano Group will be in excess of:
	(i) in respect of the Asciano Group as a whole, A$50,000,000 (individually or in aggregate); or
	(ii) in respect of the Ports Businesses or BAPS Businesses, A$30,000,000 individually;
	19 a member of the Asciano Group:
	(a) terminating any Material Contract; or
	(b) varying, amending or modifying any Material Contract;
	20 a member of the Asciano Group entering into, or resolving to enter into, a transaction with any related party of Asciano (other than a related party that is a member of the Asciano Group), as defined in section 228 of the Corporations Act;
	21 a member of the Asciano Group amending in any material respect any agreement or arrangement with a Financial Advisor, or entering into an agreement or arrangement with a new Financial Advisor, in respect of the Scheme or a Competing Proposal;
	22 a member of the Asciano Group paying any of its directors, officers or senior executives a termination or retention payment (other than in accordance with contractual arrangements in effect on the date of this deed and which are contained in the Disclosure Materials) unless:
	(a) such termination or retention payments are not in excess of A$5,000,000 (in aggregate); and
	(b) Asciano has consulted with the Rail Consortium, Ports Consortium and BAPS Consortium in respect

Term	Meaning
	of such payments; 23 the occurrence of any review event or event of default after the date of this deed under any third party loan to Asciano or a Subsidiary and the taking of any step by any lender thereunder to enforce the terms thereof and which results, or is reasonably likely to result, in an Asciano Material Adverse Change; 24 Asciano Shares cease to be quoted on the ASX; or 25 Asciano contravenes the Corporations Act, and such contravention results in an Asciano Material Adverse Change.
Asciano Regulated Event	other than as: 1 required or permitted by a Transaction Document or a Transaction; 2 Fairly Disclosed in the Disclosure Materials; 3 agreed to in writing by the Rail Consortium (in respect of any matter impacting the Asciano Group (other than to the extent any such impact relates only to the Ports Businesses and/or BAPS Businesses)), Ports Consortium (in respect of any matter impacting the Ports Businesses) or BAPS Consortium (in respect of any matter impacting the BAPS Businesses) (in each case, such agreement not to be unreasonably withheld or delayed); or 4 Fairly Disclosed by Asciano in an announcement made by Asciano to ASX, or a document lodged by it with ASIC that is publicly available, since 1 January 2014, the occurrence of any of the following: 1 a member of the Asciano Group commencing business activities of a nature not already carried out as at the date of this deed, whether by way of acquisition or otherwise; 2 a member of the Asciano Group, other than in the ordinary course of business, entering into a contract or commitment restraining a member of the Asciano Group from competing with any person or conducting activities in any market; 3 a member of the Asciano Group providing financial accommodation other than to members of the Asciano Group (irrespective of what form that accommodation takes) in excess of A$50,000,000 (individually or in aggregate); 4 a member of the Asciano Group entering into any agreement, arrangement or transaction with respect to derivative instruments (including, but not limited to, swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments other than in

Term	Meaning
	the ordinary course of business; 5 a member of the Asciano Group entering into or materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to: (a) contractual arrangements in effect on the date of this deed and which are contained in the Disclosure Materials; or (b) Asciano's policies and guidelines in effect on the date of this deed and which are contained in the Disclosure Materials, provided that in order for increases in compensation or benefits to fall within the above carve-outs, the aggregate of all such increases must be no greater than A$10,000,000; 6 a member of the Asciano Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this deed and which are contained in the Disclosure Materials; 7 a member of the Asciano Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or 8 a member of the Asciano Group doing anything that would result in a change in the Asciano Consolidated Tax Group.
Asciano Registry	Computershare Investor Services Pty Ltd ACN 078 279 277.
Asciano Representations and Warranties	the representations and warranties of Asciano set out in Schedule 2
Asciano Right	either: 1 a performance right or a deferred right granted pursuant to the Asciano Executive Incentive Plan Rules; or 2 a performance right granted pursuant to the Asciano Long Term Incentive Plan Rules.
Asciano Share	a fully paid ordinary share in the capital of Asciano
Asciano Shareholder	each person who is registered as the holder of an Asciano Share in the Asciano Share Register.
Asciano Share Register	the register of members of Asciano maintained in accordance with the Corporations Act.
ASIC	the Australian Securities and Investments Commission.

Term	Meaning
Asset Disposals	1 the disposal by Asciano of PortsCo under the Ports SPA; and 2 the disposal by Asciano of BAPSCo under the BAPS SPA.
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 this deed and Asciano was the designated body.
Associated Shareholder	each Rail Consortium Member, Ports Consortium Member and BAPS Consortium Member and each of their respective Related Bodies Corporate
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
BAM	Brookfield Asset Management Inc.
BAPS Consortium	collectively Brookfield, GIC, QH Investco and bcIMC.
BAPS Consortium Information	information regarding the BAPS Consortium (including the BAPS Consortium's intentions in relation to the matters referred to in paragraph 8310 of Schedule 8 to the Corporations Regulations) provided by the BAPS Consortium to Asciano in writing for inclusion in the Scheme Booklet which sets out the information on those subjects prescribed by the Corporations Act and Corporations Regulations, and any other information on those subjects that is material to the making of a decision by Asciano Shareholders whether or not to vote in favour of the Scheme being, in each case, information that is within the knowledge of a BAPS Consortium Member (excluding any information provided by Asciano to the BAPS Consortium Member or obtained from Asciano's public filings on ASX, and used by the BAPS Consortium Member for the purposes of preparation of the BAPS Consortium Information). For the avoidance of doubt, the BAPS Consortium Information excludes the Asciano Information, Ports Consortium Information, Rail Consortium Information and Independent Expert's Report.
BAPS Consortium Member	an entity that is part of the BAPS Consortium.
BAPS Consortium Respective Proportions	with respect to: 1 Brookfield, 67%; 2 GIC, 11%; 3 QH Investco, 11%; and 4 bcIMC, 11%.
BAPSCo	Asciano Holdings (General & Bulk) Pty Ltd (ACN 123 683 885).
BAPS Businesses	the entities, businesses and assets comprising the Bulk & Automotive Port Services business of the Asciano Group, as well as Asciano Group's 50% shareholding interest in AAT and the Asciano Group's 50% interest in ACFS. For the avoidance of doubt,

Term	Meaning
	this includes the Asciano Group's regional road and rail business, and excludes the Asciano Group's CargoLink business.
BAPS HoldCo	BAPS BidCo Pty Ltd (ACN 611 189 381).
BAPS SPA	the share purchase agreement dated on the date of this deed between BAPS HoldCo, Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. and Asciano pursuant to which Asciano agrees to sell, and BAPS HoldCo agrees to purchase, all of the issued shares in BAPSCo, on and subject to the terms and conditions of that agreement.
BidCo	a proprietary company to be incorporated under the Corporations Act, the issued shares of which are owned by an entity that is directly or indirectly owned by the Rail Consortium Members (or, in respect of any Rail Consortium Member, one or more of its Related Bodies Corporate), except as disclosed to Asciano.
BIF	Brookfield Infrastructure Fund II and any subsequent similar fund exclusively managed by Brookfield or its Affiliates.
BIP	BIPL in its capacity as general partner of Brookfield Infrastructure Partners L.P. or, where appropriate, Brookfield Infrastructure Partners L.P.
BIP Group	Brookfield, BIP and each person that BIP directly or indirectly controls (where "control" has the meaning given to it in the definition of "Affiliate") and a reference to a **'BIP Group Member'** or a **'member of the BIP Group'** is to BIP and any such controlled person.
BIPL	Brookfield Infrastructure Partners Limited, a Bermuda exempted limited company
Brookfield Group	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.
Business Day	any day that is each of the following: 1 a Business Day within the meaning of the Listing Rules; and 2 a day that banks are open for business in Sydney, Australia, Toronto, Canada, New York, the United States of America and Beijing, People's Republic of China (except for a Saturday or Sunday, or a day which is a public holiday in the People's Republic of China).
Claim	any claim, demand, legal proceedings or cause of action (including any claim, demand, legal proceedings or cause of action: 1 based in contract, including breach of warranty; 2 based in tort, including misrepresentation or negligence; 3 under common law or equity; or 4 under statute, including the Australian Consumer Law

Term	Meaning
	(being Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (**CCA**)) or Part VI of the CCA, or like provision in any state or territory legislation, in any way relating to this deed or the Transactions, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this deed.
Commercially Sensitive or Competitive Information	information that is commercially sensitive or competitive (and includes customer contracts, past and future non-public pricing information, customer proposals, tenders, quotes, expressions of interest and contracts due for renewal, access agreements, input costs and third-party contracts, product and service profit margins, board minutes, an entity's FY16 strategy plan and counterparty risk assessments and market analysis and, without limitation, in respect of the Rail Consortium, Ports Consortium and BAPS Consortium, includes any non-public information in relation to the Rail Consortium Members', Ports Consortium Members' or BAPS Consortium Members' investment businesses and portfolio or investee companies or those of any of their respective Related Bodies Corporate.)
Competing Proposal	any proposal, agreement, arrangement or transaction (other than the Transactions contemplated by this deed), which, if entered into or completed, would result in a person (either alone or together with any Associate): 1 directly or indirectly acquiring a Relevant Interest in, or have 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; 2 acquiring Control of Asciano or any material Subsidiary of Asciano; 3 directly or indirectly acquiring or becoming the holder of, or otherwise acquire or have 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 (and for this purpose, each of the Ports Businesses and the Pacific National intermodal business is to be considered a material part of Asciano's business); 4 otherwise directly or indirectly acquiring or merging with Asciano or a material Subsidiary of Asciano; or 5 requiring Asciano to abandon, or otherwise fail to proceed with, the Scheme, 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,

Term	Meaning
	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).
Condition Precedent	each of the conditions set out in clause 3.1.
Conditional Transfer Agreements	the Conditional Transfer Agreements under which all of the Asciano Shares held by each Excluded Shareholder will be transferred to BidCo on implementation of the Scheme, on the terms set out in those agreements.
Confidentiality Agreements	1. the confidentiality agreement between Brookfield Infrastructure Group (Australia) Pty Limited and Asciano Executive Services Pty Ltd dated 15 June 2015, as amended; and 2. the Mutual Confidentiality Deed dated 20 November 2015 between GIP, CPPIB, Qube and Asciano.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the *Corporations Act 2001* (Cth).
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the Rail Consortium and Asciano.
Deed Poll	a deed poll substantially in the form of Attachment 2 under which the Rail Consortium and BidCo each covenants in favour of the Scheme Shareholders to perform the obligations attributed to the Rail Consortium and BidCo under the Scheme.
Director Asciano Share	any Asciano Share: 1 held by or on behalf of an Asciano Board Member; or 2 listed as an indirect interest in an Appendix 3X or Appendix 3Y lodged by Asciano with ASX in respect of any Asciano Board Member.
Disclosure Letter	the letter identified as such provided by Asciano to the other parties and countersigned by or on behalf of the other parties on or about the date of this deed.
Disclosure Materials	1 the documents and information contained in the data room made available by Asciano to Qube and certain of its Related Persons, the index of which has been initialled by, or on behalf of, the relevant parties for identification; 2 the document containing the written responses from Asciano and its Related Persons to requests for further information made by Qube and certain of its Related Persons, a copy of which has been initialled by, or on

Term	Meaning
	behalf of, the relevant parties for identification; 3 the documents and information contained in the data room made available by Asciano to GIP, CPPIB and certain of their respective Related Persons, the index of which has been initialled by, or on behalf of, the relevant parties for identification; 4 the document containing the written responses from Asciano and its Related Persons to requests for further information made by GIP, CPPIB and certain of their respective Related Persons, a copy of which has been initialled by, or on behalf of, the relevant parties for identification; 5 the documents and information contained in the data room made available by Asciano to Brookfield and its Related Persons, the index of which has been initialled by, or on behalf of, the relevant parties for identification; 6 the document containing the written responses from Asciano and its Related Persons to requests for further information made by Brookfield and its Related Persons, a copy of which has been initialled by, or on behalf of, the relevant parties for identification; and 7 the Disclosure Letter.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	15 August 2016, or such other later date as agreed in writing by the parties.
Excluded Shareholders	means: 1 Global Infrastructure Management Australia Pty Limited as trustee of the GIP Bell Australia Unit Trust in respect of the 77,032,604 Asciano Shares held by it; 2 Perpetual Corporate Trust Limited as trustee of the CPPIB Australia Trust in respect of the 51,916,055 Asciano Shares held by it; 3 CPPIB in respect of the 1,547,348 Asciano Shares held on its behalf by HSBC Custody Nominees (Australia) Limited; 7 Qube in respect of the 61,301,584 Asciano Shares held by it; and 8 Nitro Corporation Pty Limited in respect of the 188,065,605 Asciano Shares held by it.
Exclusivity Period	the period from and including the date of this deed to the earlier of:

Term	Meaning
	1 the date of termination of this deed; 2 the End Date; and 3 the Effective Date.
FATA	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
Fairly Disclosed	a reference to 'Fairly Disclosed' means publicly disclosed to ASIC or ASX or disclosed to the relevant party or its Related Persons to the extent that, and in sufficient detail so as to enable, a reasonable person (or one of its Related Persons) experienced in transactions similar to the Scheme and transactions under the Sale Agreements, and experienced in a business similar to any business conducted by the Asciano Group, to identify the nature and scope of the relevant matter, event or circumstance.
Financial Advisor	any financial advisor retained by a party in relation to the Transactions or a Competing Proposal from time to time.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
FY	financial year
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including a stock or other securities exchange, or any minister of the Crown in right of the Commonwealth of Australia or any State or Territory, and any other federal, state, territorial, provincial or local government, whether foreign or Australian.
Implementation Date	the later of: 1 the fifth Business Day after the Scheme Record Date; and 2 the first Business Day after completion under both Sale Agreements has occurred, or such other date as the parties agree in writing.
Indemnified Parties	1 of Asciano, means the Subsidiaries of Asciano and the directors, officers and employees of Asciano and each of its Subsidiaries; 2 of GIP, means the Related Bodies Corporate of GIP, BidCo and the directors, officers and employees of GIP and each of its Related Bodies Corporate and BidCo; 3 of CPPIB, means the Related Bodies Corporate of CPPIB, BidCo and the directors, officers and employees of CPPIB and each of its Related Bodies Corporate and BidCo; 4 of Shunrong, means the Related Bodies Corporate of

Term	Meaning
	Shunrong, BidCo and the directors, officers and employees of Shunrong and each of its Related Bodies Corporate and BidCo; 5 of GIC, means the Related Bodies Corporate of GIC, BidCo, Ports HoldCo, BAPS HoldCo and the directors, officers and employees of GIC, each of its Related Bodies Corporate, BidCo, Ports Holdco and BAPS HoldCo; 6 of bcIMC, means the Related Bodies Corporate of bcIMC, BidCo, Ports HoldCo, BAPS HoldCo and the directors, officers and employees of bcIMC, each of its Related Bodies Corporate, BidCo, Ports Holdco and BAPS HoldCo; 7 of QH Investco, means the Related Bodies Corporate of QH Investco, Ports HoldCo, BAPS HoldCo and the directors, officers and employees of QH Investco, each of its Related Bodies Corporate, Ports Holdco and BAPS HoldCo; 8 of Brookfield, means BAM, its Affiliates, Ports HoldCo, BAPS HoldCo and the directors, officers and employees of Brookfield, BAM, its Affiliates, Ports Holdco and BAPS HoldCo; and 9 of Qube, means the Related Bodies Corporate of Qube, Ports HoldCo and the directors, officers and employees of Qube, each of its Related Bodies Corporate and Ports Holdco.
Independent Expert	the independent expert in respect of the Scheme appointed by Asciano.
Independent Expert's Report	the report to be issued by the Independent Expert in connection with the Scheme
Insolvency Event	means, in relation to an entity: 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity; 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed

Term	Meaning
	financial support from its parent entity such that it is able to pay its debts; or 6 the entity being deregistered as a company or otherwise dissolved.
Listing Rules	the official listing rules of ASX.
Material Contract	any agreement, contract, deed or other arrangement or instrument to which a member of the Asciano Group is a party that is identified as such in the Disclosure Letter.
Nominated Representatives	1 In the case of GIP, Rob Stewart and Russell Smith (or such other individual(s) as GIP may notify in writing to the other parties from time to time). 2 In the case of CPPIB, any two of Bruce Hogg, Neil King and Paul Bernath (or such other individual(s) as CPPIB may notify in writing to the other parties from time to time). 3 In the case of Shunrong, Ms. Wang Yan and Mr. Bao Jianmin (or such other individual(s) as Shunrong may notify in writing to the other parties from time to time). 4 In the case of GIC, Paul Barr and Chin Hau Boon (or such other individual(s) as GIC may notify in writing to the other parties from time to time). 5 In the case of bcIMC, Lincoln Webb and Jerry Divoky (or such other individual(s) as bcIMC may notify in writing to the other parties from time to time). 6. In the case of QH Investco, Haywood Blakemore and Deven Karnik (or such other individual(s) as QH Investco may notify in writing to the other parties from time to time. 7. In the case of Brookfield, Michael Ryan and Stewart Upson (or such other individual(s) as Brookfield may notify in writing to the other parties from time to time). 8 In the case of Qube, Maurice James and William Hara (or such other individual(s) as Qube may notify in writing to the other parties from time to time). 9 In the case of Asciano, Saul Cannon and Lyndall Stoyles (or such other individual(s) as Asciano may notify in writing to the other parties from time to time).
OIO Legislation	the *Overseas Investment Act 2005* (NZ) and *Overseas Investment Regulations 2005* (NZ)
PortsCo	Asciano Holdings (Containers) Pty Ltd (ACN 123 684 060).
Ports and BAPS EBITDA	the earnings before interest expense, tax, depreciation and amortisation and significant and non-recurring items, consistent with “underlying EBITDA” as defined in Asciano's 2015 Annual Report of the Ports Businesses and BAPS Businesses taken together.

Term	Meaning
Ports Businesses	the entities, businesses and assets comprising the Terminals & Logistics business of the Asciano Group. For the avoidance of doubt, this includes the Asciano Group's CargoLink business, and excludes the Asciano Group's regional road and rail business and the Asciano Group's 50% interest in AAT and the Asciano Group's 50% interest in ACFS.
Ports Consortium	collectively Brookfield, Qube, GIC, QH Investco and bcIMC.
Ports Consortium Member	each entity that is part of the Ports Consortium.
Ports Consortium Information	information regarding the Ports Consortium (including the Ports Consortium's intentions in relation to the matters referred to in paragraph 8310 of Schedule 8 to the Corporations Regulations) provided by the Ports Consortium to Asciano in writing for inclusion in the Scheme Booklet which sets out the information on those subjects prescribed by the Corporations Act and Corporations Regulations, and any other information on those subjects that is material to the making of a decision by Asciano Shareholders whether or not to vote in favour of the Scheme being, in each case, information that is within the knowledge of a Ports Consortium Member (excluding any information provided by Asciano to the Ports Consortium Member or obtained from Asciano's public filings on ASX, and used by the Ports Consortium Member for the purposes of preparation of the Ports Consortium Information). For the avoidance of doubt, the Ports Consortium Information excludes the Asciano Information, BAPS Consortium Information, Rail Consortium Information and Independent Expert's Report.
Ports Consortium Respective Proportion	with respect to: 1 Brookfield, 33.5%; 2 Qube, 50%; 3 GIC, 5.5%; 4. QH Investco, 5.5%; and 4 bcIMC, 5.5%.
Ports HoldCo	Patrick Terminals BidCo Pty Ltd (ACN 611 133 861).
Ports SPA	the share purchase agreement dated on this deed between Ports HoldCo, Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P., Qube and Asciano pursuant to which Asciano agrees to sell, and Ports HoldCo agrees to purchase, all of the issued shares in PortsCo, on and subject to the terms and conditions of that agreement.
Rail Consortium	collectively GIP, CPPIB, Shunrong, GIC and bcIMC.
Rail Consortium Member	an entity that is part of the Rail Consortium.
Rail Consortium Respective Proportion	with respect to: 1 GIP, 27%;

Term	Meaning
	2 CPPIB, 33%; 3 Shunrong, 16%; 4 GIC, 12%; and 5 bcIMC, 12%.
Rail Consortium Information	information regarding the Rail Consortium (including the Rail Consortium's intentions in relation to the matters referred to in paragraph 8310 of Schedule 8 to the Corporations Regulations) provided by the Rail Consortium to Asciano in writing for inclusion in the Scheme Booklet which sets out the information on those subjects prescribed by the Corporations Act and Corporations Regulations, and any other information on those subjects that is material to the making of a decision by Asciano Shareholders whether or not to vote in favour of the Scheme being, in each case, information that is within the knowledge of a Rail Consortium Member (excluding any information provided by Asciano to the Rail Consortium Member or obtained from Asciano's public filings on ASX, and used by the Rail Consortium Member for the purposes of preparation of the Rail Consortium Information). For the avoidance of doubt, the Rail Consortium Information excludes the Asciano Information, BAPS Consortium Information, Ports Consortium Information and Independent Expert's Report.
RG 60	Regulatory Guide 60 issued by ASIC in September 2011.
Regulator's Draft	the draft of the Scheme Booklet in a form which is agreed to between the parties and that is provided to ASIC for approval pursuant to subsection 411(2) of the Corporations Act
Regulatory Approval	an approval, consent, clearance, notice of no objection, waiver, confirmation, exemption, declaration, notice of intention not to object or intervene, authorisation or anything similar set out in clause 3.1(a).
Reimbursement Fee	an amount equal to A$88 million (exclusive of GST).
Reimbursement Fee Respective Proportion	with respect to: 1. GIP, 20.57%; 2. CPPIB, 34.28%; 3. Shunrong, 13.71%; and 4. Qube, 31.44%.
Related Bodies 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 deed and that body corporate includes any entity, a trust, a limited partnership and a general partnership, and, in addition, for the purposes of this deed: 1 a Related Body Corporate of GIP includes:

Term	Meaning
	(a) Global Infrastructure Management, LLC and its Related Bodies Corporate; and (b) Global Infrastructure Partners II-A, L.P., its parallel investment entities and alternative investment vehicles, and each of their respective Related Bodies Corporate; 2 a Related Body Corporate of Shunrong means China Investment Corporation (***CIC***) and its Subsidiaries (but excluding Central Huijin Investment Ltd. and its Subsidiaries, and any person or entity which would have been considered to be an Associate of CIC solely due to the fact that such person or entity is under common control with CIC, whether directly or indirectly, by a government or governmental agency); and 3 a Related Corporation of QH Investco means Qatar Investment Authority and its Subsidiaries.
Related Person	1 in respect of a party, each director, officer, employee, advisor, agent or representative of that party or its Related Body Corporate; 2 in respect of a Financial Advisor, each director, officer, employee or contractor of that Financial Advisor; and 3 for the purposes of the definition of Disclosure Materials and Fairly Disclosed only: (a) in respect of BIP, BIF II, bcIMC, GIC and QH Investco, includes each of the other of those parties and their respective Related Persons (as defined by reference to paragraphs 1 and 2 above); (b) in respect of Qube, GIP, CPPIB and Shunrong, includes each of the other of those parties and their respective Related Persons (as defined by reference to paragraphs 1 and 2 above); and (c) in respect of bcIMC and GIC, includes GIP, CPPIB and Shunrong and their respective Related Persons (as defined by reference to paragraphs 1 and 2 above).
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Sale Agreements	the Ports SPA and the BAPS SPA.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Asciano and the Scheme Shareholders, the form of which is attached as Attachment 2, subject to any alterations or conditions as agreed between the Rail Consortium and Asciano in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by the Rail Consortium and

Term	Meaning
	Asciano.
Scheme Booklet	the document to be prepared by Asciano in respect of the Scheme in accordance with clause 5.1(a) in a form agreed between the parties to be despatched to the Asciano Shareholders and which must include or be accompanied by: 1 a copy of the Scheme; 2 an explanatory statement complying with the requirements of the Corporations Act, the Corporations Regulations, RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption; 3 the Independent Expert's Report; 4 a copy or summary of this deed; 5 a copy of the executed Deed Poll; 6 a notice of Scheme Meeting; and 7 a proxy form for the Scheme Meeting.
Scheme Consideration	has the meaning given in clause 4.4(a).
Scheme Meeting	the meeting of Asciano Shareholders (other than Associated Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	5.00pm on the tenth Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Shares	all Asciano Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of Asciano Shares recorded in the Asciano Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Security Interest	has the meaning given in section 51A of the Corporations Act
Special Dividend Payment Date	any date which is after the Special Dividend Record Date and before the Scheme Record Date and otherwise agreed between the parties.
Special Dividend Record Date	5.00pm on a date which is at least two days prior to the Scheme Record Date and otherwise agreed between the parties.
Subsidiary	in relation to an entity, has the meaning given in Division 6 of Part 1.2 of the Corporations Act but so that:

Term	Meaning
	1 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; 2 a trust or fund may be a "Subsidiary", for the purposes of which any units or other beneficial interests will be deemed shares; or 3 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	a bona fide Competing Proposal of the kind referred to in any of paragraphs 2, 3 or 4 of the definition of Competing Proposal (and not resulting from a breach by Asciano of any of its obligations under clause 11 of this deed (it being understood that any actions by the Related Persons of Asciano in breach of clause 11 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: 1 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; 2 would, if completed substantially in accordance with its terms, be more favourable to Asciano Shareholders (as a whole) than the Transactions (as the Transactions have been amended or varied following application of the matching right set out in clause 11.4, if applicable), taking into account all terms and conditions of the Competing Proposal (including, consideration, conditionality, funding, certainty and timing). 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.
Tax Act	the *Income Tax Assessment Act 1997* (Cth).
Third Party	a person other than a Rail Consortium Member, Ports Consortium Member or BAPS Consortium Member or any of their respective Associates.
Timetable	the indicative timetable for the implementation of the Transactions set out in Attachment 1.
Transaction Documents	this deed and the Sale Agreements.

Term	Meaning	
Transactions	1	the acquisition by BidCo of all of the Scheme Shares under the Scheme;
	2	the acquisition by Ports HoldCo of all of the issued shares in PortsCo under the Ports SPA; and
	3	the acquisition by BAPS HoldCo of all of the issued shares in BAPSCo under the BAPS SPA.

2 Interpretation

2.1 General

In this deed:

(a) headings and bold type are for convenience only and do not affect the interpretation of this deed;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency, as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to this deed;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to the lawful currency of Australia;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, New South Wales;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1 of this Schedule 1, has the same meaning when used in this deed;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision;

(n) a reference to a body (including an institute, association or authority), other than a party to this deed, whether statutory or not:

(i) which ceases to exist; or

(ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(o) a reference to an agreement other than this deed includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;

(p) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;

(q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(s) if an act prescribed under this deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(t) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

2.2 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'include' or 'for example' or similar expressions does not limit what else is included.

2.3 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2.4 References to Brookfield

In this deed a reference to a right or obligation of Brookfield confers that right, or imposes that obligation, as the case may be, jointly and severally on BIPL as general partner of BIP and BIF II GP as general partner of BIF II.

Schedule 2

Asciano Representations and Warranties

(a) **Asciano Information**: The Asciano Information contained in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Asciano Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having being formed on a reasonable basis), including by way of omission from that statement.

(b) **Basis of Asciano Information**: The Asciano Information:

(i) will be prepared and included in the Scheme Booklet in good faith and on the understanding that the other parties and their respective Indemnified Parties will rely on that information for the purpose of determining to proceed with the Transactions; and

(ii) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60, and the terms and conditions of any ASIC relief or exemption and any ASX waiver or confirmation and any ASIC relief or exemption,

and all information provided by Asciano to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;

(c) **new information**: it will, as a continuing obligation (but in respect of the Rail Consortium Information, Ports Consortium Information and the BAPS Consortium Information, only to the extent that the Rail Consortium, Ports Consortium or BAPS Consortium provides Asciano with updates to the relevant information), ensure that the Scheme Booklet is updated (or, if the parties agree, the market is otherwise informed by way of announcement) to include all further or new information which arises after the Scheme Booklet has been despatched to Asciano Shareholders (other than Associated Shareholders) until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission);

(d) **validly existing**: it is a validly existing corporation registered under the laws of its place of incorporation;

(e) **authority**: the execution and delivery of this deed has been properly authorised by all necessary corporate action of Asciano;

(f) **power**: it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed;

(g) **no default**: this deed does not conflict with or result in the breach of or a default under:

(i) any provision of Asciano's constitution; or

(ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other Asciano Group Member is bound, and other than as Fairly Disclosed in its Disclosure Letter it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;

(h) **deed binding**: as a continuing obligation, this deed is a valid and binding obligation of Asciano, enforceable in accordance with its terms;

(i) **continuous disclosure**: on the date of this deed, the First Court Date, the date the Scheme Booklet is despatched, the date of the Scheme Meeting, and the Second Court Date, Asciano has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and it is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from public disclosure;

(j) **capital structure**: as a continuing obligation, its capital structure, including all issued securities as at the date of this deed, is as set out in Schedule 3 and Schedule 4 and it has not issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Asciano Shares other than as set out in Schedule 3 and it is not under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any Asciano Shares, options, warrants, performance rights or other securities or instruments in Asciano other than as Fairly Disclosed in its Disclosure Letter or this agreement or otherwise as required by this deed;

(k) **interest**: any company, partnership, trust, joint venture or other enterprise in which Asciano or another Asciano Group Member owns or has a material interest in is as notified in writing by Asciano to the other parties prior to entry into this deed;

(l) **Insolvency Event or regulatory action**: no Insolvency Event has occurred in relation to it or another Asciano Group Member, nor has any regulatory action of any nature of which it is aware been taken that would prevent or restrict its ability to fulfil its obligations under this deed;

(m) **compliance**: each member of the Asciano Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses, authorisations and permits necessary for them to conduct the business of the Asciano Group as presently being conducted;

(n) **advisors**: it has provided fee estimates, which have been prepared in good faith and have a reasonable basis, for its advisors in relation to the Scheme and any Competing Proposals where such retainer or mandate is current, or under which the Asciano Group still has obligations;

(o) **Disclosure Materials**: it has collated and prepared all of its Disclosure Materials in good faith in response to particular written requests for information from the other parties for the purposes of a due diligence process and in this context, as far as Asciano is aware, its Disclosure Materials have been collated with all reasonable care and skill;

(p) **all information**: it is not aware of any information relating to the Asciano Group or its respective businesses or operations (having made reasonable enquiries) as at the date of this deed that has or could reasonably be expected to give rise to an Asciano Material Adverse Change that has not been publicly disclosed in a document, schedule, report or form furnished or filed with ASX or ASIC or in its Disclosure Materials; and

(q) **not misleading**: all information it has provided to the Independent Expert, pursuant to clause 5.1(p)) or otherwise, or to the other parties, is accurate and not misleading in a material respect, and it has not omitted any information required to make the information provided to the Independent Expert or any of the other parties not misleading in a material respect.

Schedule 3

Capital details

Asciano Limited	
Security	**Total number on issue**
Asciano Shares	975,385,664
Asciano Rights	As set out in Schedule 4

Schedule 4

Asciano Rights

Asciano Right	Number of Asciano Rights granted and outstanding as at the date of this deed
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
FY 14 Short Term Incentive Plan – Tranche 2	184,873
FY 15 Short Term Incentive Plan – Tranche 1	152,345
FY 15 Short Term Incentive Plan – Tranche 2	152,323
Total	3,352,395

Schedule 5

Indicative Timetable

Event	Day
Announcement and signing of scheme implementation deed	The date of this deed
Scheme Booklet provided to ASIC in draft	Early April 2016
First Court Date	Late April 2016
Scheme Meeting	Early June 2016
Second Court hearing	Early June 2016
Effective Date	Early June 2016
Asciano Permitted Special Dividend record date	Mid June 2016
Asciano Permitted Special Dividend payment date	Late June 2016
Scheme Record Date	Late June 2016
The Business Day before Implementation Date • Deposit of aggregate Scheme Consideration into Asciano trust account. • Completion of the Sale Agreements.	Late June 2016
Implementation Date • Transfer of Scheme Shares to BidCo. • Payment of Scheme Consideration to Scheme Shareholders.	Late June 2016

Scheme Implementation Deed

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Execution pages

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Global Infrastructure Management Australia Pty Limited** in its capacity as trustee of the **GIP Bell Australia Unit Trust**:

Director Signature

Director/Secretary Signature

ARI DROSA

Print Name

MARK LEVITT

Print Name

Signed Sealed and Delivered by **Canada Pension Plan Investment Board** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Signed Sealed and Delivered by **Beijing Shunrong Investment Corporation** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Execution pages

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Global Infrastructure Management Australia Pty Ltd** in its capacity as trustee of the **GIP Bell Australia Unit Trust**:

Director Signature	Director/Secretary Signature
Print Name	Print Name

Signed Sealed and Delivered by **Canada Pension Plan Investment Board** in the presence of:

Signature of Witness	Signature of Authorised Signatory
Paul Bernath	Nick Zelenczuk
Name of Witness	Name of Authorised Signatory

Signed Sealed and Delivered by **Beijing Shunrong Investment Corporation** in the presence of:

Signature of Witness	Signature of Authorised Signatory
Name of Witness	Name of Authorised Signatory

Scheme Implementation Deed

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Execution pages

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Global Infrastructure Management Australia Pty Limited** in its capacity as trustee of the **GIP Bell Australia Unit Trust**:

Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed Sealed and Delivered by **Canada Pension Plan Investment Board** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Signed Sealed and Delivered by **Beijing Shunrong Investment Corporation** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Hu Yutong

Name of Witness

Ju Weimin

Name of Authorised Signatory

Scheme Implementation Deed

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Signed Sealed and Delivered by **Buckland Investment Pte Limited** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Scheme Implementation Deed

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Signed Sealed and Delivered by **bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust** by:

Signature of Authorised Signatory

Signature of Witness

LINCOLN WEBB

Name of Authorised Signatory (block letters)

NATASHA OWENS

Name of Witness (block letters)

Scheme Implementation Deed

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Signed Sealed and Delivered by **Asciano Investment Company** in the presence of:

Signature of Witness

John Haynes

Name of Witness

Signature of Authorised Signatory

Abdulla Bin Mohammed Bin Saud Al-Thani

Name of Authorised Signatory

Signed Sealed and Delivered by **Brookfield Infrastructure Partners L.P.** by its general partner **Brookfield Infrastructure Partners Limited** by:

Position

Name

Signed Sealed and Delivered by **BIF II GP Bermuda Limited as general partner of BIF II Nitro AIV (Bermuda) LP** in the presence of:

Position

Name

Scheme Implementation Deed

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Signed Sealed and Delivered by **Asciano Investment Company** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Signed Sealed and Delivered by **Brookfield Infrastructure Partners L.P.** by its general partner **Brookfield Infrastructure Partners Limited by**

Position

Secretary

Name

Jane Sheere

Signed Sealed and Delivered by **BIF II GP Bermuda Limited as general partner of BIF II Nitro AIV (Bermuda) LP** in the presence of:

Position

Secretary

Name

Jane Sheere

Scheme Implementation Deed

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Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Qube Holdings Limited**

Director Signature

MAURICE JAMES

Print Name

Director/Secretary Signature

Print Name

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Asciano Limited**

Director Signature

Print Name

Director/Secretary Signature

Print Name

Scheme Implementation Deed

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Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Qube Holdings Limited**:

Director Signature

Director/Secretary Signature

Print Name

Print Name

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Asciano Limited**:

Director Signature

Director/Secretary Signature

John Mullen

Print Name

Lyndall Stoyles

Print Name

Attachment 1

Scheme of arrangement

Attachment 2

Deed Poll

C. Scheme of Arrangement

asciano

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Scheme of Arrangement

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www.allens.com.au

Allens is an independent partnership operating in alliance with Linklaters LLP.

Contents

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Between the parties

1 **Asciano Limited** (ACN 123 652 862) of Level 6, 15 Blue Street North Sydney, NSW 2060 (***Asciano***).

2 Each holder of Asciano Shares recorded in the Asciano Share Register as at the Scheme Record Date (other than an Excluded Shareholder) (each a ***Scheme Shareholder*** and together the ***Scheme Shareholders***).

It is agreed as follows.

1 Definitions, interpretation and Scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

(a) Asciano is a public company limited by shares, registered in Victoria, and has been admitted to the official list of the ASX. Asciano Shares are quoted for trading on the ASX.

(b) As at 15 March 2016, 975,385,664 Asciano Shares were on issue.

(c) The Rail Consortium comprises:

(i) Global Infrastructure Management Australia Pty Limited (ACN 132 664 745) in its capacity as trustee of the GIP Bell Australia Unit Trust;

(ii) Beijing Shunrong Investment Corporation;

(iii) Buckland Investment Pte Ltd;

(iv) bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust; and

(v) Canada Pension Plan Investment Board.

(d) BidCo, an entity all of the shares in which are directly or indirectly owned or controlled by members of the Rail Consortium or their respective related entities, is a company limited by shares registered in Victoria.

(e) If this Scheme becomes Effective:

(i) BidCo must provide, and the Rail Consortium must procure that BidCo provides, the Scheme Consideration to the Scheme Shareholders in accordance with and subject to the terms of this Scheme and the Deed Poll; and

(ii) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to BidCo and Asciano will enter the name of BidCo in the Asciano Share Register in respect of the Scheme Shares.

(f) By executing the Implementation Deed, Asciano has agreed to propose and implement this Scheme, and the Rail Consortium has agreed to assist with that proposal and implementation, on and subject to the terms and conditions of the Implementation Deed.

(g) This Scheme attributes actions to the Rail Consortium and BidCo but does not itself impose an obligation on them to perform those actions. The Rail Consortium and BidCo have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including BidCo providing and the Rail Consortium procuring that BidCo provides the Scheme Consideration to the Scheme Shareholders, subject to the terms of the Deed Poll.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;

(b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by the Rail Consortium and Asciano;

(d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by the Rail Consortium and Asciano having been satisfied or waived; and

(e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act, on or before the End Date.

3.2 Certificates

(a) Each of Asciano, the Rail Consortium, Ports Consortium and BAPS Consortium will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived as at 8.00am on the Second Court Date.

(b) The certificates referred to in clause 3.2(a) constitute conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Deed, any Sale Agreement or the Deed Poll is terminated in accordance with its terms, unless Asciano, the Ports Consortium, Rail Consortium and BAPS Consortium otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, Asciano must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.2(a) and BidCo having provided Asciano with written confirmation thereof, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by Asciano as attorney and agent for Scheme Shareholders under clause 8.5), by:

(i) Asciano delivering to BidCo a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Asciano, for registration; and

(ii) BidCo duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Asciano for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Asciano must enter, or procure the entry of, the name of BidCo in the Asciano Share Register in respect of all the Scheme Shares transferred to BidCo in accordance with this Scheme.

5 Scheme Consideration

5.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, each Scheme Shareholder will be entitled to the Scheme Consideration.

5.2 Provision of Scheme Consideration

(a) BidCo must, by no later than the Business Day before the Implementation Date, deposit in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to Scheme Shareholders in an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account).

(b) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.2(a), Asciano must pay or procure the payment, from the trust account referred to in clause 5.2(a), to each Scheme Shareholder the Scheme Consideration as that Scheme Shareholder is entitled under this clause 5.

(c) The obligations of Asciano under clause 5.2(b) will be satisfied by Asciano (in its absolute discretion):

(i) where a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Asciano Registry to

receive dividend payments from Asciano by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

(ii) otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 5.2(c)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.3).

(d) To the extent that, following satisfaction of Asciano's obligations under clauses 5.2(b) and 5.4, there is a surplus in the amount held by Asciano as trustee for the Scheme Shareholders in the trust account referred to in those clauses, that surplus shall be paid by Asciano to BidCo.

(e) If, following satisfaction of BidCo's obligations under clause 5.2(a) but prior to the occurrence of all of the events described in clause 4.2, this Scheme lapses under clause 3.3(b):

(i) Asciano must immediately repay (or cause to be repaid) to or at the direction of BidCo the funds that were deposited in the trust account plus any interest on the amounts deposited (less bank fees and other charges);

(ii) the obligation to transfer Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, to BidCo under 4.2(a) will immediately cease;

(iii) BidCo must return the Scheme Transfer, if provided pursuant to clause 4.2(a)(i); and

(iv) Asciano is no longer obliged to enter, or procure the entry of, the name of BidCo in the Asciano Share Register in accordance with clause 4.2(b).

5.3 Joint holders

In the case of Scheme Shares held in joint names:

(a) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Asciano, the holder whose name appears first in the Asciano Share Register as at the Scheme Record Date or to the joint holders; and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Asciano, the holder whose name appears first in the Asciano Share Register as at the Scheme Record Date or to the joint holders.

5.4 Cancellation and re-issue of cheques

(a) Asciano may cancel a cheque issued under this clause 5 if the cheque:

(i) is returned to Asciano; or

(ii) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Asciano (or the Asciano Registry) (which request

may not be made until the date which is 20 Business Days after the Implementation Date), Asciano must reissue a cheque that was previously cancelled under clause 5.4(a).

5.5 Unclaimed monies

(a) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the U*nclaimed Money Act 2008* (Vic)).

(b) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of BidCo.

5.6 Orders of a court or Government Agency

If written notice is given to Asciano (or the Asciano Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

(a) requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Asciano in accordance with this clause 5, then Asciano shall be entitled to make that payment (or procure that it is made) in accordance with that order or direction; or

(b) prevents Asciano from making a payment to any particular Scheme Shareholder in accordance with clauses 5.2(b) and 5.2(c), or the payment is otherwise prohibited by applicable law, Asciano shall be entitled to retain an amount, in Australian dollars, equal to the amount of the relevant payment until such time as payment in accordance with this clause 5 is permitted by that order or direction or otherwise by law.

6 Dealings in Asciano Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Asciano Shares or other alterations to the Asciano Share Register will only be recognised by Asciano if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Asciano Share Register as the holder of the relevant Asciano Shares on or before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Scheme Record Date at the place where the Asciano Share Register is kept,

and Asciano must not accept for registration, nor recognise for any purpose (except a transfer to BidCo pursuant to this Scheme and any subsequent transfer by BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Asciano shall be entitled to disregard any such disposal, purported disposal or agreement.

(b) For the purpose of determining entitlements to the Scheme Consideration, Asciano must maintain the Asciano Share Register in accordance with the provisions of this clause 6.2

until the Scheme Consideration has been paid to the Scheme Shareholders. The Asciano Share Register in this form will solely determine entitlements to the Scheme Consideration.

(c) All statements of holding for Asciano Shares (other than statements of holding in favour of BidCo or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Asciano Share Register (other than entries on the Asciano Share Register in respect of BidCo or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Asciano Shares relating to that entry.

(d) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Asciano will ensure that details of the names, Registered Addresses and holdings of Asciano Shares for each Scheme Shareholder as shown in the Asciano Share Register are available to BidCo in the form BidCo reasonably requires.

7 Quotation of Asciano Shares

(a) Asciano must apply to ASX to suspend trading on the ASX in Asciano Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by BidCo, Asciano must apply:

(i) for termination of the official quotation of Asciano Shares on the ASX; and

(ii) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) Asciano may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which the Rail Consortium has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which Asciano has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder irrevocably:

(i) agrees to the transfer of their Asciano Shares together with all rights and entitlements attaching to those Asciano Shares in accordance with this Scheme;

(ii) agrees to the variation, cancellation or modification of the rights attached to their Asciano Shares constituted by or resulting from this Scheme;

(iii) acknowledges that this Scheme binds Asciano and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting); and

(iv) consents to Asciano and BidCo doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it.

(b) Each Scheme Shareholder is taken to have warranted to Asciano and BidCo on the Implementation Date, and appointed and authorised Asciano as its attorney and agent to

warrant to BidCo on the Implementation Date, that all their Asciano Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Asciano Shares to BidCo together with any rights and entitlements attaching to those shares. Asciano undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to BidCo will, at the time of transfer of them to BidCo, vest in BidCo free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(b) Immediately upon the provision of the Scheme Consideration in the manner contemplated by clause 5.2(a), BidCo will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Asciano of BidCo in the Asciano Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.2, and until Asciano registers BidCo as the holder of all Scheme Shares in the Asciano Share Register, each Scheme Shareholder:

(a) is deemed to have appointed BidCo as attorney and agent (and directed BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;

(b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), BidCo and any director, officer, secretary or agent nominated by BidCo under clause 8.4(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.

8.5 Authority given to Asciano

Each Scheme Shareholder, without the need for any further act, on the Effective Date, irrevocably appoints Asciano and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of:

(a) enforcing the Deed Poll against the Rail Consortium and BidCo, and Asciano undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against the Rail

Consortium and BidCo on behalf of and as agent and attorney for each Scheme Shareholder; and

(b) executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Asciano accepts each such appointment. Asciano as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds Asciano and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Asciano.

9 General

9.1 Stamp duty

BidCo will, and the Rail Consortium must procure that BidCo will:

(a) pay all stamp duty and any related fines, penalties and interest in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to Asciano doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Asciano or otherwise.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Asciano, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Asciano's registered office or at the office of the Asciano Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Asciano Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) This Scheme is governed by the laws in force in New South Wales.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Asciano must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that none of Asciano, the Rail Consortium, BidCo nor any director, officer, secretary or employee of any of those entities shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1 - Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
Asciano Executive Incentive Plan Rules	the employee incentive plan rules of that name issued by Asciano.
Asciano Registry	Computershare Investor Services Pty Ltd ACN 078 279 277.
Asciano Rights	a performance right or deferred right granted pursuant to the Asciano Executive Incentive Plan Rules.
Asciano Share	a fully paid ordinary share in the capital of Asciano.
Asciano Share Register	the register of members of Asciano maintained by Asciano or the Asciano Registry in accordance with the Corporations Act.
Asciano Shareholder	a person who is registered as the holder of an Asciano Share in the Asciano Share Register.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
BAPS Consortium	the following entities collectively: 1 Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. and BIF II GP Bermuda Limited as general partner of BIF II Nitro AIV (Bermuda) LP; 2 Buckland Investment Pte Ltd; 3 bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust; and 4 Asciano Investment Company.
BidCo	Australian Logistics Acquisition Investments Pty Limited (ACN 611 628 712).
Business Day	for the purposes of clause 4.1 only, any day that is a Business Day within the meaning of the Listing Rules, but otherwise any day which is each of the following: 1 a Business Day within the meaning of the Listing Rules; and 2 a day that banks are open for business in Sydney, Australia, Toronto, Canada, New York, the United States of America and Beijing, People's Republic of China (except for a Saturday or Sunday, or a day which is a public holiday in the People's Republic of China).
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the *Corporations Act 2001* (Cth).

Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by the Rail Consortium and Asciano.
Deed Poll	the deed poll dated [*] 2016 under which the Rail Consortium and BidCo each covenants in favour of the Scheme Shareholders to perform the obligations attributed to the Rail Consortium and BidCo under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	15 August 2016, or any later date as the parties to the Implementation Deed agree in writing.
Excluded Shareholder	means: 1 Global Infrastructure Management Australia Pty Limited as trustee of the GIP Bell Australia Unit Trust in respect of the 77,032,604 Asciano Shares held by it; 2 Perpetual Corporate Trust Limited as trustee of the CPPIB Australia Trust in respect of the 51,916,055 Asciano Shares held by it; 3 Canada Pension Plan Investment Board in respect of the 1,547,348 Asciano Shares held on its behalf by HSBC Custody Nominees (Australia) Limited; 4 Qube Holdings Limited in respect of the 61,301,584 Asciano Shares held by it; and 5 Nitro Corporation Pty Limited in respect of the 188,065,605 Asciano Shares held by it.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including a stock or other securities exchange, or any minister of the Crown in right of the Commonwealth of Australia or any State or Territory, or any other federal, state, territorial, provincial, local or other government, whether foreign or Australian.
Implementation Date	the later of: 1 the fifth Business Day after the Scheme Record Date; and 2 the first Business Day after completion under both Sale Agreements has occurred, or such other date as the parties to the Implementation Deed agree in writing.
Implementation Deed	the scheme implementation deed dated 15 March 2016 between Asciano and the members of each of the Rail Consortium, Ports Consortium and BAPS Consortium relating to the implementation of

	this Scheme.
Listing Rules	the official listing rules of ASX.
Ports Consortium	the following entities collectively: 1 Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. and BIF II GP Bermuda Limited as general partner of BIF II Nitro AIV (Bermuda) LP; 2 Qube Holdings Limited (ACN 149 723 053); 3 Buckland Investment Pte Ltd; 4 bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust; and 5 Asciano Investment Company.
Rail Consortium	the following entities: 1 Global Infrastructure Management Australia Pty Limited (ACN 132 664 745) in its capacity as trustee of the GIP Bell Australia Unit Trust; 2 Beijing Shunrong Investment Corporation; 3 Buckland Investment Pte Ltd; and 4 bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust; and 5 Canada Pension Plan Investment Board.
Registered Address	in relation to an Asciano Shareholder, its address shown in the Asciano Share Register as at the Scheme Record Date.
Sale Agreements	means: 1 the share purchase agreement dated 15 March 2016 between Patrick Terminals BidCo Pty Ltd (ACN 611 133 861), Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P., Qube Holdings Limited (ACN 149 723 053) and Asciano pursuant to which Asciano agrees to sell, and Patrick Terminals BidCo Pty Ltd (ACN 611 133 861) agrees to purchase, all of the issued shares in Asciano Holdings (Containers) Pty Ltd (ACN 123 684 060), on and subject to the terms and conditions of that agreement; and 2 the share purchase agreement dated 15 March 2016 between BAPS BidCo Pty Ltd (ACN 611 189 381), Brookfield Infrastructure Partners Limited as general partner of Brookfield Infrastructure Partners L.P. and Asciano pursuant to which Asciano agrees to sell, and BAPS BidCo Pty Ltd (ACN 611 189 381) agrees to purchase, all of the issued shares in Asciano Holdings (General & Bulk) Pty Ltd (ACN 123 683 885), on and subject to the terms and conditions of that agreement.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act

	between Asciano and the Scheme Shareholders subject to any alterations or conditions as agreed between the Rail Consortium and Asciano in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by the Rail Consortium and Asciano.
Scheme Consideration	for each Asciano Share held by a Scheme Shareholder as at the Scheme Record Date, an amount equal to A$9.15 less the amount per Asciano Share of up to A$0.90 paid by Asciano as a special dividend pursuant to its discretion under clause 4.6 of the Implementation Deed.
Scheme Meeting	the meeting of the Asciano Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	5.00pm on the tenth Business Day after the Effective Date or such other time and date as the parties to the Implementation Deed agree in writing.
Scheme Shareholder	a holder of Asciano Shares recorded in the Asciano Share Register as at the Scheme Record Date (other than an Excluded Shareholder).
Scheme Shares	all Asciano Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of BidCo as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Subsidiary	in relation to an entity, has the meaning given in Division 6 of Part 1.2 of the Corporations Act but so that: 1 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 by that entity; 2 a trust or fund may be a 'Subsidiary', for the purposes of which any units or other beneficial interests will be deemed to be shares; or 3 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.

2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, New South Wales;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(i) which ceases to exist; or

(ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(q) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(r) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(s) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(t) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

D. Deed Poll

asciano

Annexure D – Deed Poll

Allens > < Linklaters

Deed Poll

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Sydney NSW 2000 Australia
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Allens is an independent partnership operating in alliance with Linklaters LLP.

Contents

Deed Poll

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This Deed Poll is made on 18 April 2016

Parties

1 **Global Infrastructure Management Australia Pty Limited** (ACN 132 664 745) in its capacity as trustee of the **GIP Bell Australia Unit Trust** of Level 17, Gateway Building, 1 Macquarie Place, Sydney NSW 2000 (***GIP***).

2 **Canada Pension Plan Investment Board**, a Canadian Crown corporation of One Queen Street East, Suite 2500, Toronto, Ontario, Canada M5C 2WC (***CPPIB***).

3 **Beijing Shunrong Investment Corporation** of 1939, 19/F, No. 1 Chaoyangmen Beidajie, Dongcheng District, Beijing, 100010, China (***Shunrong***).

4 **Buckland Investment Pte Ltd** of 168 Robinson Road #37-01 Capital Tower Singapore 068912 (***GIC***).

5 **bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust** of Suite 300, 2950 Jutland Road, Victoria, British Columbia, V8T 5K2 Canada (***bcIMC***).

(GIP, CPPIB, Shunrong, GIC and bcIMC collectively being the ***Rail Consortium*** and each a ***Rail Consortium Member***).

6 **Australian Logistics Acquisition Investments Pty Limited** (ACN 611 628 712) of Level 33, 101 Collins Street, Melbourne VIC 3000 (***BidCo***).

In favour of

Each holder of fully paid ordinary shares in Asciano Limited (ACN 123 652 862) (***Asciano***) recorded in the Share Register as at the Scheme Record Date (other than an Excluded Shareholder) (each a ***Scheme Shareholder*** and together the ***Scheme Shareholders***).

Recitals

A Asciano, the Rail Consortium Members and other entities entered into the Implementation Deed.

B In the Implementation Deed, the Rail Consortium Members agreed to execute this deed poll and to procure that BidCo execute this deed poll.

C The Rail Consortium and BidCo are executing this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

It is agreed as follows.

1 Definitions and interpretation

1.1 Definitions

In this deed poll:

(a) ***Implementation Deed*** means the scheme implementation deed dated 15 March 2016 between Asciano, the Rail Consortium Members and others relating to the implementation of the Scheme;

(b) ***Rail Consortium Respective Proportion*** has the meaning given in the Implementation Deed;

(c) ***Scheme*** means the scheme of arrangement under Part 5.1 of the Corporations Act between Asciano and the Scheme Shareholders, the form of which is attached to this deed poll, subject to any alterations or conditions as agreed between the Rail Consortium and Asciano in writing or made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by the Rail Consortium and Asciano; and

(d) unless the context requires otherwise, terms defined in the Implementation Deed or the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

The Rail Consortium and BidCo acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints Asciano and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against the Rail Consortium and BidCo.

1.4 Several obligations

Where this deed poll imposes any obligation or liability on the Rail Consortium (including an obligation on the Rail Consortium Members to procure that BidCo undertakes a specified action), that obligation or liability is imposed on the Rail Consortium Members severally in their Rail Consortium Respective Proportions, and no Rail Consortium Member will have any liability in respect of such obligation or liability beyond its Rail Consortium Respective Proportion.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of the Rail Consortium and BidCo under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of the Rail Consortium and BidCo under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

(a) the Implementation Deed is terminated in accordance with its terms;

(b) the Scheme is not Effective on or before the End Date; or

(c) the Scheme lapses and becomes of no further force or effect under clause 3.3 of the Scheme,

unless the Rail Consortium, BidCo and Asciano otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:

(a) the Rail Consortium and BidCo are released from their obligations to further perform this deed poll except those obligations contained in clause 8.1 and any other obligations which by their nature survive termination; and

(b) each Scheme Shareholder retains the rights they have against the Rail Consortium and BidCo in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

(a) Subject to clause 2, BidCo undertakes in favour of each Scheme Shareholder to:

(i) deposit in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account; and

(ii) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

(b) Subject to clause 2, the Rail Consortium undertakes in favour of each Scheme Shareholder to:

(i) procure the deposit by BidCo of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Asciano as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account; and

(ii) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the terms of the Scheme.

4 Warranties

Each of GIP, CPPIB, Shunrong, GIC, bcIMC and BidCo (each a ***Warrantor***) represents and warrants in favour of each Scheme Shareholder that each of the following statements are true and correct with respect to the relevant Warrantor (except that where it is noted below that a warranty relates to a particular Warrantor only, then only that Warrantor gives that warranty with respect to itself):

(a) **validly existing**:

(i) with respect to GIP only, the GIP Bell Australia Unit Trust is duly established and validly subsisting;

(ii) with respect to CPPIB only, CPPIB is a corporation duly established by statute and validly existing under the laws of the place of its incorporation;

(iii) with respect to bcIMC only, the bcIMC Nitro Investment Trust is duly established and validly subsisting; and

(iv) with respect to each other Warrantor, it is a corporation duly incorporated and validly existing under the laws of the place of its incorporation;

(b) **authority**: the execution and delivery of this deed poll has been properly authorised by all necessary corporate action of the Warrantor;

(c) **power**:

(i) with respect to GIP only, Global Infrastructure Management Australia Pty Limited is empowered by the trust deed of the GIP Bell Australia Unit Trust to enter into and perform its obligations under this deed poll in its capacity as a trustee of the GIP Bell Australia Unit Trust;

(ii) with respect to bcIMC only, bcIMC Nitro Trustee Inc., is empowered by the trust deed of the bcIMC Nitro Investment Trust to enter into and perform its obligations under this deed poll, in its capacity as a trustee of the bcIMC Nitro Investment Trust; and

(iii) with respect to each other Warrantor, it has the power to enter into and perform its obligations under this deed poll;

(d) **no default**: this deed poll does not conflict with or result in the breach of or a default under:

(i) any provision of its constitution or, if applicable, other constituent document (and, with respect to GIP only, of the trust deed of the GIP Bell Australia Unit Trust and, with respect to bcIMC only, of the trust deed of the bcIMC Nitro Investment Trust); and

(ii) any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which the Warrantor (and, with respect to GIP only, the GIP Bell Australia Unit Trust and, with respect to bcIMC only, the bcIMC Nitro Investment Trust) is bound,

and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed poll;

(e) **deed binding**:

(i) with respect to GIP only, as a continuing obligation, this deed poll is a valid and binding obligation of Global Infrastructure Management Australia Pty Limited as trustee of the GIP Bell Australia Unit Trust, enforceable in accordance with its terms;

(ii) with respect to bcIMC only, as a continuing obligation, this deed poll is a valid and binding obligation of bcIMC Nitro Trustee, Inc. as trustee of the bcIMC Nitro Investment Trust, enforceable in accordance with its terms; and

(iii) with respect to each other Warrantor, as a continuing obligation, this deed poll is a valid and binding obligation of the Warrantor, enforceable in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) the Rail Consortium and BidCo have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 Trustee limitation of liability

Notwithstanding any other provision in this deed poll:

(a) Global Infrastructure Management Australia Pty Limited (ACN 132 664 745) and bcIMC Nitro Trustee Inc. (each a ***Trustee***) enter into this deed poll only in their capacity as trustee of the GIP Bell Australia Unit Trust and the bcIMC Nitro Investment Trust respectively (in each case, the ***Trust***) and in no other capacity. A liability arising under or in connection with this deed poll is limited to and can be enforced against the Trustee only to the extent to which it can be satisfied out of property of the Trust out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of this deed poll and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed poll.

(b) The parties other than the Trustee may not sue the Trustee in any capacity other than as trustee of the Trust, including to seek the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any similar person to the Trustee or prove in any liquidation, administration or arrangement of or affecting the Trustee (except in relation to property of the Trust).

(c) The provisions of this clause 6 shall not apply to any obligation or liability of the Trustee to the extent that it is not satisfied because under the trust deed establishing the Trust or by operation of law there is a reduction in the extent of the Trustee's indemnification out of the assets of the Trust, as a result of the Trustee's fraud, negligence or wilful default.

(d) No act or omission of the Trustee (including any related failure to satisfy its obligations or breach of representation or warranty under this deed poll) will be considered fraud, negligence or wilful default of the Trustee for the purpose of clause 6(c) to the extent to which the act or omission was caused or contributed to by any failure by any other person to fulfil its obligations relating to the Trust or by any other act or omission of any other person.

(e) No attorney, agent, receiver or receiver and manager appointed in accordance with this deed poll has authority to act on behalf of the Trustee in a way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Trustee for the purpose of clause 6(c).

(f) The Trustee is not obliged to do or refrain from doing anything under this deed poll (including incur any liability) unless the Trustee's liability is limited in the same manner as set out in clauses 6(a) to 6(c).

7 Notices

7.1 Form of Notice

A notice or other communication in respect of this deed poll (***Notice***) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to the Rail Consortium and BidCo in accordance with the details set out below (or any alternative details nominated by the Rail Consortium or BidCo by Notice).

Party	Address	Addressee	Email
GIP	12 East 49th Street, 38th Floor New York. New York 10017, USA	Julie Ashworth	Julie.Ashworth@global-infra.com
	Copy to Allens Deutsche Bank Place 126 Phillip St Sydney NSW 2000	Guy Alexander and Tom Story	Guy.Alexander@allens.com.au Tom.Story@allens.com.au
CPPIB	One Queen Street East, Suite 2500, Toronto, Ontario M5C 2W5 Canada	Bruce Hogg and Paul Bernath	bhogg@cppib.com pbernath@cppib.com
	Copy to Allens Level 37 101 Collins Street Melbourne VIC 3000	Wendy Rae	Wendy.Rae@allens.com.au
Shunrong	1939, 19/F, No. 1 Chaoyangmen Beidajie, Dongcheng District Beijing, 100010, China	Ms. Wang Yan and Mr. Bao Jianmin	wangy@china-inv.cn baojm@china-inv.cn
	Copy to Jones Day 88 Phillip St Sydney NSW 2000	Mark Crean and Robert Speed	mcrean@jonesday.com rspeed@jonesday.com
GIC	168 Robinson Road, #37-01, Capital Tower, Singapore 068912	Paul Barr and Chin Hau Boon	paulbarr@gic.com.sg boonchinhau@gic.com.sg
	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street Sydney NSW 2000	Philippa Stone	Philippa.stone@hsf.com
bcIMC	300-2950 Jutland Road, Victoria, BC, V8T 5K2	Lincoln Webb	privateplacements@bcimc.com
	Herbert Smith Freehills Level 34, ANZ Tower 161 Castlereagh Street Sydney NSW 2000	Philippa Stone	Philippa.stone@hsf.com

Party	Address	Addressee	Email
BidCo	C / - Allens Level 33, 101 Collins Street, Melbourne VIC 3000	Wendy Rae	Wendy.Rae@allens.com.au

7.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (business hours period), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The earliest to occur of: (i) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email; (ii) the time that the email is first opened or read by the intended recipient, or an employee or officer of the intended recipient; and (iii) 2 hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that 2 hour period, an automated message that the email has not been delivered.

7.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 7.2).

8 General

8.1 Stamp duty

BidCo will, and the Rail Consortium will procure that BidCo will:

(a) pay all stamp duty and any related fines, penalties and interest in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 8.1(a).

8.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in New South Wales, Australia.

(b) The Rail Consortium and BidCo irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. The Rail Consortium and BidCo irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

8.3 Waiver

(a) The Rail Consortium and BidCo may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

(b) No Scheme Shareholder may rely on words or conduct of the Rail Consortium or BidCo as a waiver of any right unless the waiver is in writing and signed by the Rail Consortium or BidCo, as appropriate.

(c) The meanings of the terms used in this clause 8.3 are set out below.

Term	Meaning
conduct	includes a failure or delay in the exercise, or partial exercise, of a right
right	any right arising under or in connection with this deed poll (including a breach of, or default under this deed poll) and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

8.4 Variation

A provision of this deed poll or any right created under it may only be varied, altered or otherwise amended if:

(a) before the First Court Date, the variation is agreed to by Asciano in writing; or

(b) on or after the First Court Date, the variation is agreed to by Asciano in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event the Rail Consortium and BidCo will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation, alteration or amendment.

8.5 Cumulative rights

The rights, powers and remedies of the Rail Consortium, BidCo and the Scheme Shareholders under this deed poll are cumulative and are in addition to, and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

8.6 Assignment

(a) The rights and obligations created by this deed poll are personal to the Rail Consortium, BidCo and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of the Rail Consortium, BidCo or Asciano (as appropriate).

(b) Any purported dealing in contravention of clause 8.6(a) is invalid.

8.7 Further action

The Rail Consortium and BidCo must, at their own expense, do all things and execute all documents (on its own behalf or on behalf of each Scheme Shareholder) necessary to give full effect to this deed poll and the transactions contemplated by it.

8.8 Service of process

Without preventing any other mode of service, any document in a legal action, suit or other proceeding in the courts of New South Wales or courts of appeal from them (including any writ of summons or other originating process or any third or other party notice) may be served on the Rail Consortium by being delivered to or left for the Rail Consortium at the address shown for BidCo at the beginning of this deed poll.

Deed Poll

Allens > < Linklaters

Execution pages

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Global Infrastructure Management Australia Pty Limited** in its capacity as trustee of the **GIP Bell Australia Unit Trust**:

Director Signature

ROBERT STEWART

Print Name

Director/Secretary Signature

ANN DROGK.

Print Name

Signed Sealed and Delivered by **Canada Pension Plan Investment Board** in the presence of:

Signature of Witness

Name of Witness

Signature of Authorised Signatory

Name of Authorised Signatory

Signed Sealed and Delivered by **Beijing Shunrong Investment Corporation** in the presence of:

Signature of Witness

Name of Witness

Signature of Authorised Signatory

Name of Authorised Signatory

page (10)

Annexure D – Deed Poll (cont)

Deed Poll

Allens > < Linklaters

Execution pages

Executed and delivered as a Deed.

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Global Infrastructure Management Australia Pty Limited** in its capacity as trustee of the **GIP Bell Australia Unit Trust**:

Director Signature

Director/Secretary Signature

Print Name

Print Name

Signed Sealed and Delivered by **Canada Pension Plan Investment Board** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Signed Sealed and Delivered by **Beijing Shunrong Investment Corporation** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Li Yang

Name of Witness

Ju Weimin

Name of Authorised Signatory

Annexure D – Deed Poll (cont)

Deed Poll

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Signed Sealed and Delivered by Canada Pension Plan Investment Board in the presence of:

Signature of Witness

Signature of Authorised Representative

GARRET GERONO

Name of Witness

MARK JENKINS

Name of Authorised Representative

Signature of Witness

Signature of Authorised Representative

OLIVIA AGASEVA

Name of Witness

BRUCE HOGG

Name of Authorised Representative

Annexure D – Deed Poll (cont)

Deed Poll

Allens > < Linklaters

Signed Sealed and Delivered by **bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust** in the presence of:

Signature of Witness	Signature of Authorised Signatory
BRITTA WAGNER	LINCOLN WEBB
Name of Witness	Name of Authorised Signatory

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Australian Logistics Acquisition Investments Pty Limited**:

Director Signature	Director/Secretary Signature
Print Name	Print Name

Deed Poll

Allens > < Linklaters

Signed Sealed and Delivered by **bcIMC Nitro Trustee Inc., in its capacity as trustee of the bcIMC Nitro Investment Trust** in the presence of:

Signature of Witness

Signature of Authorised Signatory

Name of Witness

Name of Authorised Signatory

Executed as a deed in accordance with section 127 of the *Corporations Act 2001* by **Australian Logistics Acquisition Investments Pty Limited**:

Director Signature

Director/Secretary Signature

Print Name

Print Name

Deed Poll

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The Common Seal of **Buckland Investment Pte. Ltd.** was hereunto affixed in the presence of:

Signature of Director	Signature of Director/Secretary
ASHOK SAMUEL	LENNY MARLINA
Name of Director	Name of Director/Secretary

Deed Poll

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Attachment – Scheme of arrangement

E. Notice of Meeting

asciano

Annexure E – Notice of Meeting

Asciano Limited

ABN 26 123 652 862

Notice of Court-Ordered Meeting of Asciano Limited Shareholders

Notice is given that, by an Order of the Supreme Court of New South Wales ("**Court**") made on 20 April 2016 under section 411(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**"), the Court has directed that a meeting of the holders of ordinary shares in Asciano Limited ("**Asciano**") (other than Excluded Shareholders) be held at The Adelaide Room, Level 4, The Sofitel Sydney Wentworth, 61-101 Phillip St, Sydney on 3 June 2016 commencing at 10:00am (Sydney time).

The Court has directed that Malcolm Broomhead, or, failing him, Geoffrey Kleemann act as chair of the meeting and has directed the chair to report the result of the meeting to the Court.

Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree (with or without any modification or conditions approved by the Court to which Asciano and each Rail Consortium Member agree) to a scheme of arrangement proposed to be made between Asciano and the holders of its ordinary shares (other than Excluded Shareholders) as at the Scheme Record Date pursuant to Part 5.1 of the Corporations Act ("**Scheme**").

Resolution

The meeting will be asked to consider and, if thought fit, pass the following resolution:

'That pursuant to and in accordance with the provisions of section 411 of the Corporations Act, the scheme of arrangement proposed to be entered into between Asciano and Asciano Shareholders (other than Excluded Shareholders), as more particularly described in the Scheme Booklet accompanying the notice convening this meeting, is agreed to (with or without any modifications or conditions ordered by the Court to which Asciano and each Rail Consortium Member agree) and, subject to approval of the Scheme by the Court, the Asciano Board is authorised to implement the Scheme with any such modifications or conditions.'

Dated 21 APRIL 2016 BY ORDER OF THE COURT

Lyndall Stoyles

Asciano Company Secretary

Important Notice

To enable you to make an informed voting decision, a copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet of which this Notice of Meeting forms part. Terms used in this Notice of Meeting have the same meanings as set out in the glossary in Section 9 of the Scheme Booklet. Details about your entitlement to vote, how to vote and how to appoint a proxy, attorney or a corporate representative are set out in the Section "What you should do" and under the heading "The Scheme Meeting and voting" in the "Frequently asked questions" Section of the Scheme Booklet.

Corporate Directory

Registered office

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

Head office

Level 6, 15 Blue St
North Sydney NSW 2060
Australia

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.

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

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

Legal Advisor

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

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