

17/12/2015

Mr Gary Hobourn  
Office of General Counsel ASX Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Gary

**RE: Consultation Paper Reverse Takeovers – Consultation on Shareholder Approval Requirements for Listed Company Mergers**

AustralianSuper is pleased to provide the following submission to ASX's *Consultation Paper Reverse Takeovers – Consultation on Shareholder Approval Requirements for Listed Company Mergers*.

**About AustralianSuper**

AustralianSuper is one of Australia's largest super funds and is run only to benefit members. We don't pay commissions to anyone to recommend us, nor do we pay dividends to shareholders. We have over 2.1 million members and manage over \$91 billion of members' assets. Currently, over \$22 billion of this is invested in ASX listed equities. Our sole focus is to provide the best possible retirement outcomes for members.

**AustralianSuper's comments on the Consultation Paper**

AustralianSuper welcomes the ASX consultation paper on the issue of reverse takeovers. In particular, we welcome ASX's consideration of this issue from a dilution of existing share holder perspective which is important to us as a large long term shareholder across many ASX listed companies.

- 1) **AustralianSuper is supportive of ASX's primary proposal in the Consultation Paper of including a threshold limit of new capital issuance by a 'bidder' company in a reverse takeover situation beyond which shareholder approval would be required.**

We are concerned at the current absence of such a shareholder approval requirement in the ASX Listing Rules, which we believe results in undue dilution risk for shareholders in reverse takeover situations.

We also view this situation as being out of step with the rules in most comparable jurisdictions globally.

Our concerns have been heightened by a seemingly increased number of reverse takeovers in Australia recently. This raises the question as to whether, while rare in the past, there will be an increased prevalence of such transactions in the future.

- 2) **However, we question the ASX's proposal that the level of new capital at which this measure would apply is proposed to be so high, at 100% of existing capital of the company concerned.**

A threshold at this high level would still result in significant potential dilution risk for shareholders before shareholder approval would be required. In addition, this threshold appears out of step with the levels applied in other major equity markets globally which, as noted in the ASX's consultation paper, generally fall within a range of 20-30%.

AustralianSuper can see no particular reason why the Australian threshold for transactions of this nature should be so much higher than in other listed equity markets globally. In addition we do not believe that a

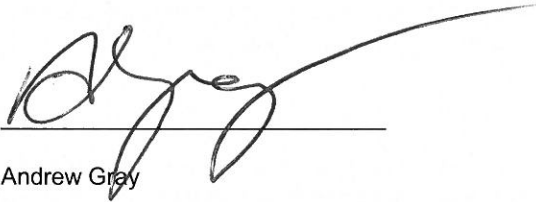
lower threshold in the 20 – 30% range would be an undue impediment to long term shareholder value creating transactions.

We therefore submit that the threshold for new capital issuance before shareholder approval is required should be in the range of 20 - 30% as opposed to 100% as proposed by the Consultation Paper.

AustralianSuper reiterates that it welcomes ASX's review of shareholder approval requirements in reverse takeover situations. We hope that our comments provide useful feedback as how the proposed changes to the ASX Listing Rules may better address potential dilution risk for shareholders in reverse takeover situations.

Please do not hesitate to contact me on 03 8648 3840 or email: [agray@australiansuper.com](mailto:agray@australiansuper.com) if you wish to discuss this further. We are happy to provide further information on request.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Gray', is written over a horizontal line. The signature is stylized and extends to the right with a long, sweeping stroke.

Andrew Gray

Manager, Investments Governance