



Australian
Competition &
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Commission

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NEWS RELEASE

ACCC WILL NOT OPPOSE ACQUISITION OF ASCIANO BY QUBE, BROOKFIELD AND OTHERS

The Australian Competition and Consumer Commission will not oppose the proposed acquisition of Asciano Limited (ASX: AIO) (Asciano) by a consortium comprising Qube Holdings Ltd (ASX: QUB) (Qube), Brookfield Infrastructure Partners LP (Brookfield) and a group of global investment funds.

The ACCC's investigation focused on the import-export supply chain for containerised freight through the ports of Botany, Brisbane, Fremantle and Melbourne. Specifically, it closely considered the vertical integration of Asciano's Patrick container terminals with Qube's road and rail container transport services and empty container parks.

"The ACCC conducted extensive inquiries with a large number of industry participants. A broad range of issues were raised across different aspects of the supply chain. After careful consideration, the ACCC has concluded there is not likely to be a substantial lessening of competition in any market," ACCC Chairman Rod Sims said today.

The ACCC expressed some competition concerns in a Statement of Issues it released in May, but the parties have since restructured the proposed acquisition so that ACFS will no longer be vertically aligned with Patrick.

"This restructure resolved a number of the ACCC's concerns," Mr Sims said.

"It means that the effect of the proposed acquisition is a substitution of Qube for ACFS as the downstream container logistics provider linked to Patrick."

The ACCC also closely considered whether the vertical integration of the Patrick container terminal at Port Botany with Qube's NSW rail operations would result in discrimination against Qube's competitors. A key issue was whether this would reduce competition in the market for rail-based container transport services from regional NSW to Port Botany, with particular regard to Qube's interest in the Moorebank intermodal terminal.

The ACCC conducted in-depth inquiries with a broad range of Port Botany stakeholders and identified several constraints on the ability and incentive of Patrick to discriminate in favour of Qube trains at Port Botany.

These constraints include the potential loss of business to rival stevedores, Brookfield and others having a 50 per cent interest in Patrick, and the regulation of rail services. The ACCC also considered the role of NSW Ports as the lessor of the Patrick Container Terminal site, particularly given it is also the landlord of intermodal terminals at Enfield and Cooks River. The ACCC considered NSW Ports has an incentive to limit any discrimination by Patrick Container Terminals in favour of Qube's interests.

"The combined strength of these constraints has led us to conclude that the acquisition would not cause an increase in prices or a reduction in the quality of regional rail container export services to Port Botany," Mr Sims said.

More information on the ACCC's analysis of the relevant markets and associated competition issues that led to its decision is provided in the Public Competition Assessment, which is being published today on the public register.

Background

A consortium comprising Brookfield, Qube, Global Infrastructure Management, LLC (on behalf of itself and its managed funds and clients), Canada Pension Plan Investment Board, CIC Capital Corporation, British Columbia Investment Management Corporation, GIC Private Limited and Qatar Investment Authority (the **joint consortium**) is seeking to acquire the shares and assets of Asciano.

The ACCC had earlier considered two separate proposals, one by a consortium led by Qube (**Qube-led consortium**) and another by a consortium led by Brookfield (**Brookfield-led consortium**). The ACCC's consideration of those two earlier proposals ceased when the new joint proposal to acquire Asciano was announced.

Timeline

August 2015 ACCC commences review of the Brookfield-led consortium's proposed acquisition of Asciano.

October 2015 ACCC releases Statement of Issues in relation to the Brookfield-led consortium's proposal, outlining concerns that the transaction could lead to a substantial lessening of competition in markets for the supply of above rail haulage services in WA and Queensland.

November 2015 ACCC commences its review of the Qube-led consortium's proposed acquisition of Asciano.

February 2016 Asciano announces a potential acquisition by a consortium including both Qube and Brookfield Infrastructure Partners (the joint consortium).

The ACCC suspends its reviews of the Qube-led and Brookfield-led consortiums' proposed acquisitions of Asciano.

March 2016 ACCC commences its review of the joint consortium's proposed acquisition of Asciano. The joint consortium structured its proposed acquisition to address the competition concerns previously raised by the ACCC in relation to the Brookfield-led consortium.

May 2016 ACCC releases Statement of Issues in relation to the joint consortium's proposal, outlining concerns that:

- the vertical integration of Patrick container terminals with both Qube and ACFS Port Logistics (ACFS) may lead to discrimination against rival container logistics operators and rival stevedores
- the vertical integration of the Patrick container terminal at Port Botany with Qube's NSW rail operations may result in discrimination against Qube's competitors.

June 2016 The joint consortium parties announce that they have restructured the proposed acquisition such that Asciano's 50 per cent interest in the ACFS Joint Venture will be transferred to the Tzaneros interests (the current ACFS Joint Venture partner) along with certain port head leases.

July 2016 ACCC announces it will not oppose the proposed acquisition.

Media inquiries

ACCC Media 1300 138 917

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