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29 August 2023

Suzie Copley
General Manager
Policy, Coordination and Remedies Branch
Australian Competition and Consumer Commission
Level 17, 2 Lonsdale Street
Melbourne VIC 3000

By email

Dear Ms Copley

Brookfield and MidOcean application for merger authorisation for proposed acquisition of Origin Energy

The ACCC has asked Brookfield to provide an explanation of why it would not be possible for Brookfield to undertake to divest Brookfield Infrastructure's managed interest in AusNet.

As the ACCC is already aware, Brookfield Infrastructure's managed investment in AusNet has been made on behalf of one group of funds and investors. Brookfield Renewable's managed investment in Origin Energy Markets will be made on behalf of a different group of funds and investors.

AusNet is currently owned as follows:

Brookfield Infrastructure managed entities	
Brookfield Infrastructure managed entities including:	45.4%
1 Brookfield Super-core Infrastructure Partners (BSIP), an open-ended perpetual managed fund; and	
2 Brookfield Infrastructure Partners LP (BIP), a New York and Toronto Stock Exchange listed entity in which Brookfield Corporation has an approximately 30% interest. BIP has entered into an agreement to sell its ~7.9% look-through interest in AusNet to BSIP. This transfer is expected to close on 31 August 2023.	
Third Parties (non-Brookfield managed entities)	
Australian Retirement Trust	15%
Alberta Investment Management Corporation	9.9%
Investment Management Corporation of Ontario	9.9%
Healthcare of Ontario Pension Plan	9.9%
Canada's Public Sector Pension Investment Board	9.9%

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Following the Proposed Acquisition, Origin Energy Markets will be owned as follows:

Brookfield managed entities	
Brookfield Renewable managed entities, including:	67.6%
1 Brookfield Global Transition Fund (BGTF), a closed end, Brookfield managed fund;	
2 Brookfield Renewable Partners LP (BEP), a New York and Toronto listed entity in which Brookfield Corporation has an approximate 48% interest; and	
3 Brookfield managed co-investors.	
Temasek	9.9%
GIC	22.5%

It is not possible for BSIP to divest any of its interest in AusNet in order to secure ACCC authorisation for Brookfield Renewable to acquire Origin Energy Markets, for two key reasons.

First, and most fundamentally, the investment manager of BSIP (affiliates of Brookfield Asset Management (**BAM**)) has a legal obligation to act in the interests of investors in BSIP when investing their money in AusNet and making decisions regarding a fund investment, including any decision to divest. The acquisition of AusNet completed in February 2022. Selling an attractive investment after less than two years would be unlikely to be in the interest of investors in BSIP who seek exposure to long term infrastructure investments, and in any event could never be done to allow an investment in another fund. Acting in a way that is contrary to the interest of investors in BSIP so as to facilitate the acquisition of Origin Energy Markets for the benefit of an entirely different group of investors (in BGTF and BEP) would be a breach of BAM's fiduciary duties. It would also be highly damaging to Brookfield's reputation as a reliable and ethical global asset manager, which would impact Brookfield's ability to continue to raise capital from third-party investors.

Second, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

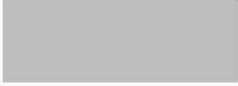
For similar reasons, it would not be possible to restrict Brookfield Infrastructure's involvement in the management of AusNet. Investors in BSIP have invested in BSIP on the understanding that Brookfield will actively manage the investments it makes on their behalf to drive value and generate appropriate returns. Agreeing to restrict Brookfield Infrastructure's involvement in the management of AusNet would fetter the ability of the investment manager of BSIP to perform its role and would be contrary to the interests of BSIP investors and indeed co-investors in AusNet. Again, doing so to facilitate the acquisition of Origin Energy Markets for the benefit of another group of investors (in BGTF and BEP) would be contrary to Brookfield's fiduciary duties and highly damaging to its reputation as a reliable and ethical global asset manager. Agreeing to such a restriction would also be inconsistent with the management strategy and approach disclosed to BSIP investors and the basis on which they have invested in the fund.

The information highlighted yellow in this letter is confidential to Brookfield.

¹ [REDACTED]

Please let us know if you would like to discuss.

Yours sincerely



Ted Hill
Partner
Allens

