

BABCOCK & BROWN

Babcock & Brown Limited · ABN 53 108 614 955
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9231 5619 · www.babcockbrown.com



ASX Release

27 March 2008

RENEWAL AND EXPANSION OF CORPORATE DEBT FACILITY & EQUITY PLACEMENT

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB), today announces that 25 banks, including all four of the Australian majors, have formally committed to participate in an expansion of the evergreen corporate debt facility to \$2.8 billion and approved the rollover of the facility to 2011.

The renewal, which was foreshadowed in the Babcock & Brown 2007 result, follows the previously announced successful refinancing of all short term margin loans on marketable securities in Babcock & Brown managed funds and demonstrates the strength and depth of the support for the Group by our relationship banks.

In addition, Babcock & Brown has also:

- Arranged \$400 million in new infrastructure asset specific debt facilities;
- Completed an overnight \$220 million fixed price placement of shares.

These initiatives announced today reinforce our balance sheet strength and flexibility and ensure Babcock & Brown is prudently geared in the current environment and further enhance our capacity to take advantage of opportunities that may arise.

Babcock & Brown's underlying business continues to perform well and the Group remains on track to report a 2008 Group Net Profit of at least \$750 million.

Phil Green, CEO of Babcock & Brown said, "We recognise the importance in the current market of maintaining a strong balance sheet. The refinancing announced two weeks ago, combined with the initiatives announced today, demonstrate Babcock & Brown's capacity and flexibility to secure both equity and debt to continue to grow our business.

Sydney
Melbourne
Brisbane
Auckland
Vancouver
San Francisco
San Diego
Dallas
Houston
Toronto
New York
Greenwich
Dublin
Madrid
London
Paris
Luxembourg
Milan
Munich
Rome
Vienna
Tel Aviv
Johannesburg
Mumbai
Dubai
Kuala Lumpur
Singapore
Hong Kong
Perth
Tokyo

For personal use only

“In addition to the initiatives announced today the Group has approximately \$4.7 billion in committed un-invested equity in our unlisted managed infrastructure vehicles and continues to attract further strong institutional capital inflows into these funds. We believe that the ongoing institutional support reflects the desire of investors to have their funds managed by a highly credentialed manager with a long and successful track record in originating and managing specialist assets,” Mr Green said.

Extension and Expansion of Corporate Facility

The announcement today confirms that Babcock & Brown has, as part of its annual review process, credit approval and formal commitments from all participating banks to renew and extend its 3 year evergreen corporate facility from April 2010 to April 2011. The banking syndicate has been expanded from 20 to 25 banks and has approved an increase in the size of the facility from \$2.35 billion to \$2.8 billion. The increase in the size of the facility is commensurate with current gearing levels.

Final documentation of the increased facility is currently being completed.

The expansion of the facility has been secured with only a small increase in margin which is more than offset by the decline in base rates in our key markets outside Australia.

In recognition of its enhanced credit profile and business growth, Babcock & Brown has also received approval to materially lower the market capitalisation review threshold to \$2.5 billion which approximates net asset backing. This threshold will be positively impacted by any subsequent issue of equity or conversion of BBIPPL shares into Babcock & Brown Limited shares.

In addition Babcock & Brown has raised \$400 million in new infrastructure asset specific debt facilities. The new facilities are secured against European wind assets which are expected to be sold as part of the 2008 asset recycling program.

As announced on 10 March 2008, the facility now secured against the investments in its portfolio of managed funds has no market price based debt covenants that can result in an automatic event of default, acceleration, requirement to post additional collateral or immediate early repayment obligation.

Mr Green said, “We have worked extensively with a wide range of banks for many years and have built a trusted relationship with them. Our banks recognise the quality and strength of our business and cash flow as

For personal use only

demonstrated by their support for the initiatives announced today and over the last few weeks.

“We continue to find the debt markets receptive to good asset funding opportunities, in particular in the infrastructure sector, as evidenced by our ability to raise \$400 million in facilities against some of our European wind assets. We believe this reflects the strong sustainable cash flows generated by assets in the sector,” he said.

Equity Capital Raising

Babcock & Brown has today completed a capital raising of \$220 million through the placement of 16.12 million shares at a fixed price of \$13.65 per share representing the pre placement five day VWAP. The placement has been made predominantly to long term existing shareholders of Babcock & Brown and its managed funds.

Following the issue of shares the number of shares on issue in the Babcock & Brown Group will be approximately 370 million.

In addition, Babcock & Brown has reduced by 50% the number of options issued to Deutsche Bank which related to the refinancing announcement on the 10 March 2007 at a cost equivalent to 50% of a fee appropriate for the establishment of the facility. Deutsche Bank AG was the sole lead manager of the placement.

The placement has been undertaken to balance the increase in gearing that would have otherwise occurred as a result of the new debt facilities and to further strengthen the Group's balance sheet and liquidity.

The 2007 Group remuneration plan will include a higher proportion of shares issued to employees, to strengthen the alignment of employees with fellow shareholders. The additional \$150 million in shares will be fully vested but will be subject to escrow conditions over the next twelve months.

In the current market environment the Babcock & Brown Board and Management Committee believe it is appropriate to further reinforce the alignment between senior Babcock & Brown executives and other shareholders of Babcock & Brown and its managed funds. Consequently senior Babcock & Brown executives both directly and indirectly involved in delivering the results of the managed funds will also receive deferred remuneration based upon the performance of Babcock & Brown funds.

At current prices it is the intention of the company to cover part of the \$150 million through the employee sell down process over the next two weeks. Given

For personal use only

this intention there is not expected to be any material net shares available to the market as a consequence of this share sell down and purchase process.

Mr Green said, "The initiatives announced today, combined with the reduction in short term debt facilities since December, together with the expansion of retained earnings and the increase in the equity component of Babcock & Brown's bonus structure, will reduce short term net gearing consistent with our overall objective of reducing leverage in the current environment.

"We are focused on ensuring that Babcock & Brown is well positioned with maximum flexibility to continue to take advantage of opportunities that may arise in the second half of 2008 and 2009." concluded Mr Green.

For further information please contact:

Kelly Hibbins
Babcock & Brown
+61 2 92291800
kelly.hibbins@babcockbrown.com

About Babcock & Brown

Babcock & Brown is an international investment and specialised fund and asset management group with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Securities Exchange.

Babcock & Brown operates from 30 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1,400 employees worldwide. Babcock & Brown has four operating divisions including real estate, infrastructure, operating leasing, corporate and structured finance. The company has established a funds management platform across the operating division that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see our website:

www.babcockbrown.com

For personal use only