

## BABCOCK & BROWN

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### ASX Release

10 November 2008

#### **TERMINATION OF BABCOCK & BROWN CAPITAL MANAGEMENT RIGHTS AND COMMENCEMENT OF REVIEW**

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB) advises that it has agreed to sell its rights to manage Babcock & Brown Capital (BCM) under the Management Agreement between Babcock & Brown and BCM ("Management Agreement"), subject to BCM shareholder approval. Pursuant to the agreement Babcock & Brown will also support the Board of BCM in conducting a review of its portfolio of assets which may lead to a change of control of BCM or its underlying assets and which will also involve responses to expressions of interest already received in relation to BCM.

Michael Larkin, CEO of Babcock & Brown said, "Today's agreement with BCM is in line with Babcock & Brown's commitment in June 2008 that as part of our strategic review we would work with our listed funds to remove the gap between the underlying asset values and their respective trading prices. This initiative is also consistent with our objective of narrowing the focus of Babcock & Brown's activities, including our funds management activities."

#### **Details of Agreement**

Babcock & Brown has entered into an agreement with BCM for the termination of the Management Agreement on the following terms:

- Payment of cash consideration to Babcock & Brown of \$32.5 million payable upon termination of the existing Management Agreement (which would occur following shareholder approval);
- Payment of \$12.5 million for the termination of the Babcock & Brown preferred advisory mandate, conditional upon a change of control occurring in BCM (or eircom) prior to 30 April 2010; and

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

- Payment of \$5 million to Babcock & Brown for advisory services related to BCM's sale review process, conditional upon a change of control occurring in BCM (or eircom) prior to 30 April 2010.

BCM Directors intend to put the resolution to terminate the Management Agreement to a vote of BCM shareholders at an Extraordinary General Meeting ("EGM") to be held no later than 28 February 2009.

Pursuant to the termination agreement, Babcock & Brown will be entitled to nominate one director for appointment to the BCM Board, until the earlier of 30 April 2010 and the date when Babcock & Brown ceases to hold at least 10 million shares in BCM.

Babcock & Brown and UBS are jointly advising BCM in the Review process.

Until shareholder approval is received the existing BCM management team will continue to manage the fund's portfolio of assets.

## **ENDS**

### **For further information please contact:**

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### **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 three operating divisions including real estate, infrastructure, operating leasing.. The company has established a funds management platform across the operating divisions 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](http://www.babcockbrown.com)