

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



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ARRANGES OVER US\$250 MILLION OF AIRCRAFT ACQUISITION FINANCING INTO GERMAN MARKET

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB) today announced that a joint initiative with HCI Capital AG (HCI), a leading distribution house for closed funds and structured products in Germany, has acquired its first aircraft leasing investment with the purchase of two Boeing 777-200LR aircraft delivered to Air Canada in February 2008. The aircraft have been leased back to Air Canada under long-term operating leases. Norddeutsche Landesbank Girozentrale (NORD/LB) provided the long-term and equity bridge loan financing for the transactions.

Babcock & Brown acted as the arranger for the initial purchases and will also co-initiate the aircraft fund with HCI. Babcock & Brown Aircraft Management (BBAM) will serve as the aircraft fund's asset manager and remarketing agent.

HCI expects to begin offering participations in the Air Canada transaction in second quarter 2008 thereby opening yet another attractive asset class for its closed fund investors.

Phil Green, CEO of Babcock & Brown said, "We are pleased to be able to leverage BBAM's origination and asset management expertise in aircraft leasing into a new market. Over time we expect this joint initiative will provide an ongoing source of capital to expand our growing pool of aircraft under management."

Dr. Oliver Moosmayer, Chief Product Officer of HCI Capital AG said, "We believe that HCI's expertise as fund initiator together with Babcock & Brown's capabilities in aircraft origination and management is an exciting partnership that results in a superior investment opportunity for our clients."

For further information please contact:

Kelly Hibbins

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

BABCOCK & BROWN

Babcock & Brown
+61 2 92291866
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 divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

Babcock & Brown Aircraft Management manages the world's fifth largest commercial jet fleet by value and has over 17 years of experience in aircraft origination and disposition, remarketing, leasing and technical management.

For further information about Babcock & Brown please see our website: www.babcockbrown.com