

BABCOCK & BROWN

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ELIMINATES SHORT TERM 'MARGIN' LOANS ON MARKETABLE SECURITIES IN BABCOCK & BROWN MANAGED FUNDS

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB) today announces an initiative to clearly position the Group's funding arrangements in relation to our core holdings in our Managed Funds.

Elimination of Short Term 'Margin' Loans Secured Against Marketable Securities in Babcock & Brown Managed Funds

Babcock & Brown is pleased to confirm that it has retired over \$250 million of short term 'margin' loans since 31 December 2007 from existing resources and has received commitments for new term finance, to replace all the remaining outstanding 'margin' loans secured against marketable securities in Babcock & Brown managed funds.

The new term financing facility contains no market price based covenants, no margin call obligations and no obligations to post additional collateral based on the prevailing market price of securities in our Managed Funds.

Overall Gearing

As indicated above Babcock & Brown has retired over \$250 million of short term 'margin' facilities since 31 December 2007 from existing resources. Whilst we anticipate an increase in Babcock & Brown's corporate banking facilities, overall gearing will reduce as a consequence of increased retained earnings and the \$250 million repayment of short term 'margin' facilities.

Phil Green, CEO of Babcock & Brown said, "Today's announcement removes all short term debt secured against marketable securities in Babcock & Brown managed funds and reconfirms our statement on Friday that we have no intention or requirement to dispose of any interest in our managed funds.

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“This announcement further demonstrates that we continue to have multiple funding sources and in particular we have a large number of strong banking relationships which provide us with flexible funding solutions to support our business. This announcement, combined with recent announcements by our Managed Funds, reflects our ability to continue to be able to source funding at both the corporate level and project debt level for the ongoing growth of our business at prudent gearing levels.

“We reconfirm our 2008 Group Net Profit guidance of \$750 million which represents in excess of 15% growth on the 2007 result. We are well advanced with our revenue generating activities and our normal asset recycling program and reconfirm that we are on track to generate cash and available reserves of approximately \$1.5 billion by the middle of 2008. We believe this will place us in a strong position to take advantage of opportunities that may arise in the current market environment.”

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