

BABCOCK & BROWN

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Media Release

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TRICOM RECAPITALISATION TO ENSURE ORDERLY WIND DOWN OF LOAN BOOK AND REALISATION OF BABCOCK & BROWN EXPOSURE

International investment and specialised fund and asset management group Babcock & Brown, confirms that it has participated with ANZ, Tricom management and certain private investors introduced by Tricom management, in the recapitalisation of stockbroking firm Tricom.

Babcock & Brown has increased its existing exposure of \$35m to a maximum of \$40m through underwriting a further \$5m of additional funding. That maximum exposure has already been reduced to \$37.5m. Babcock & Brown's total exposure remains secured and no further capital injection by Babcock & Brown is contemplated following the recapitalisation.

The recapitalisation takes the form of new equity from parties other than Babcock & Brown and a stand still agreement from Tricom's secured lenders ANZ and Babcock & Brown.

Babcock & Brown is participating in the recapitalisation to protect Babcock & Brown's exposure and to ensure an orderly rundown of the balance of Tricom's securities loan book. This will facilitate the best possible outcome for Tricom's clients and ensure that market trading in the companies represented in the book is conducted in an orderly fashion in the normal course of business.

Babcock & Brown believes there is value in the Tricom broking business and as a result, anticipates the full sell down of the \$5m increase in exposure and full recovery of its existing exposure. The management and staff of Tricom remain in place and the business continues to have the ongoing support of its clients.

In conjunction with an orderly wind down of Tricom's securities lending book, Tricom and its lenders will focus on:

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

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- Unwinding Tricom's existing book of unlisted investments. Whilst Babcock & Brown retains a secured interest over the whole business, Babcock & Brown expects to fully recover its entire exposure to Tricom through the sale of Tricom's non-core assets while retaining an option to participate in any equity upside in Tricom's stock broking business.
- Supporting the ongoing Tricom broking business with a view to that business continuing to be a full participant on the ASX. Tricom's broking business continues to meet its ASX capital adequacy and other requirements.

Both Babcock & Brown and ANZ have an option to acquire up to 25% of Tricom over the next three years. However, Tricom management has the right to inject additional capital through the introduction of a third party with broking expertise thereby diluting Babcock & Brown and ANZ's potential equity interests. Prior to the expiry of their equity options, Babcock & Brown and ANZ will remain secured lenders to Tricom.

Babcock & Brown confirms that no senior Babcock & Brown executives have any margin loans or security lending arrangements with Tricom.

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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