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29 November 2005

ASX Announcement

BABCOCK & BROWN ENVIRONMENTAL INVESTMENTS LIMITED ANNOUNCES U.S. ACQUISITION, INSTITUTIONAL PLACEMENT AND 1 FOR 5 RIGHTS ISSUE

Babcock & Brown Environmental Investments Limited (ASX : BEI) today announced that it has entered into contracts to acquire a 100% interest in Diversified Energy Company, LLC (Denco), a US ethanol producer and operator, which has interests in several ethanol production facilities in the United States and a share of a substantial ethanol marketing group. The acquisition is expected to settle by January 2006.

The acquisition will be funded through an institutional placement, to be drawn down in two tranches, (for a total of approximately 25.4 million shares at A$1.80 to raise approximately A$45.7 million) and a 1 for 5 non-renounceable rights issue (at $1.75 to raise approximately A$29.6 million from the issue of approximately 16.9 million shares), together with senior project debt of US$33 million. The balance of the equity raised, approximately A$19 million, will be available to BEI for acquisition, expansion and replication opportunities. Any bridging finance for the acquisition will be sought from the Babcock & Brown group.

All of the equity to be raised has been fully underwritten by Tricom Equities and Wilson HTM. Participants in either tranche of the placement will not thereby be entitled to participate in the rights issue. Further details of the rights issue timetable and the timetable for the second tranche of the placement will be advised as soon as possible.

BEI will acquire Denco through a wholly-owned US subsidiary, Big Island Grains, LLC (BIG).

A commitment for senior project debt funding of US$33 million has been obtained for BIG. BEI will now seek lender approval for a change in shareholding to BEI. Drawdown is subject to formal legal documentation. Completion of the Denco acquisition is conditional on drawdown of this debt.

The Denco acquisition is expected to be completed prior to 15 January 2006. A shareholder meeting to approve the second tranche of the institutional placement is expected to take place in early January 2006.

Details of Acquisition

Denco is a diversified US ethanol business. The key asset is a 100% ownership of a 25 million gallons (US) per annum ethanol plant, which is located in Morris Minnesota. It produces denatured ethanol from corn, and is strategically located in the US Midwest corn belt.

Other assets include:

- Green Way Consulting: a consultant and project manager in the US fuel ethanol industry (Denco ownership 100%);
- Renewable Production Marketing Group (RPMG):a substantial marketer of ethanol in the US (Denco ownership 12.5%);
- Golden Lyk, LLC: a distillers' grain technology and production company (Denco ownership 100%); and
- Minority interests in three other ethanol production facilities (ownership via both Denco and RPMG)

Mr Gary Levin, Managing Director of BEI said "We are very enthusiastic about the opportunity that the Denco acquisition provides BEI. It is consistent with our strategy to acquire high quality environmentally friendly assets and provides BEI with an entry point to the US ethanol market through a profitable, cashflow positive business".

"The US ethanol market has performed well and continues to have a favourable outlook based on regulatory requirements, incentives for clean renewable energy sources and the demand for alternative fuel sources to oil. Significant increases and volatility in the oil price and events such as the recently signed Energy Bill have driven the strength in the ethanol price."

Capital Raising

The total acquisition cost for 100% of Denco is ~A$75.3 million plus approximately A$15.1 million of debt and working capital.

BEI will issue approximately 42.3 million shares for a total consideration of approximately A$75.3 million as summarised in the following table:

	Shares	Price	Value
Entitlement (1 for 5)	16,910,600	$1.75	$29,593,550
Tranche I of Placement	14,265,000**	$1.80	$25,677,000
Tranche II of Placement *	11,111,111**	$1.80	$ 20,000,000
TOTAL	42,286,711		$ 75,270,550

* Subject to shareholder approval

** The split between tranche 1 and 2 is subject to ASX approval.

The first tranche of the placement was offered to institutions and sophisticated investors, and commitments have been received for the 14.3 million shares which were offered at $1.80, raising approximately A$25.7 million. The second tranche of the placement, which is subject to shareholder approval, was also offered to institutions and sophisticated investors, and conditional commitments have been received for the approximately 11.1 million shares which were offered at $1.80, conditionally raising $20.0 million.

Mr Levin said "We were extremely happy with the demand, with the placement being significantly oversubscribed. It has achieved one of our objectives of broadening our institutional shareholder base. The level of support indicates a strong level of interest and support for BEI's strategy of investing in high quality, profitable environmental businesses".

The non-renounceable rights issue allows existing investors to subscribe for 1 new share for every 5 held at the Record Date and also to subscribe for further shares under any shortfall arising from those not taking up their rights. A total of approximately 16.9 million shares will be issued under the rights issue at an application price of $1.75 per share for a total of approximately A$30 million. The application price represents a 14% discount to the 5 day volume weighted average price of BEI as at the close of trading on 23 November 2005.

The Record Date for the determination of entitlements and the closing date for the rights issue offer will be advised, as will a detailed timetable for the rights issue. Babcock & Brown, as an investor in BEI, will subscribe for its shares under the rights issue but will not participate in the shortfall or placement. Mr Gary Levin, the Managing Director,and Mr Phillip Green, the Chairman, and their controlled entities also intend to take up their shares in the rights issue.

The second tranche of the institutional placement of approximately 11.1 million shares at $1.80 to raise $20 million, which has been fully underwritten, is subject to shareholder approval at a meeting to be held in early January 2006. A Notice of Meeting will be despatched to shareholders over the next few weeks with details of the meeting and the proposal.

Attached to this release is the institutional presentation, which provides further details on the transaction.

IMPORTANT DATES

Tranche I Placement Timetable	
Tranche I DvP Settlement	16 December 2005
Expected Tranche I Allotment	22 December 2005
Expected date of quotation of Tranche I Placement Shares	28 December 2005

Gary Levin

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Elizabeth Hawke

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About Babcock & Brown Environmental Investments

Babcock & Brown Environmental Investments (BEI) is an investment vehicle focused on the renewables sector, which provides investors with access to a diversified portfolio of high-quality environmentally-friendly assets. The strategy involves capitalising on first mover advantage in the lucrative renewable energy markets using proven technology.

BEI has a strategic alliance with Babcock & Brown, a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown have a long history of experience in the renewable energy field and recently launched another environmentally-friendly investment vehicle which invests in wind farms in three continents.

BEI is listed on the Australian Stock Exchange and has a market capitalisation of approximately $175 million.

For further information please visit our website **http://www.bbeil.com.au**

Acquisition & Capital Raising

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Environmental Investments Limited

November 2005

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Table of contents

- Introduction
- Denco acquisition details
- US ethanol market overview
- Overview of Denco
- BEI update
- Acquisition funding
- Offer summary and timetable
- Investment highlights
- Appendix

Introduction

Introduction

Transaction Overview

- Acquisition of 100% of Diversified Energy Company, LLC ("Denco"), a US ethanol producer
- Purchase price ~ A$75.3 million (plus assumed debt and working capital of A$15.1 million)[1] - implied Enterprise Value $90.4 million
- Denco acquisition expected to provide BEI with immediate cashflow and profitability

Capital Raising details

- BEI equity raising of ~A$75.3 million
  - Denco funding and costs – A$56.5 million
  - Other acquisition opportunities – A$18.8 million
- Equity raising
  - Tranche I placement of 14.26 million shares at A$1.80 per share = A$25.7 million (within current placement capacity)*
  - Tranche II placement[2] of 11.11 million shares at A$1.80 per share = A$20.0 million (subject to BEI shareholder approval)*
  - Rights issue: 1 for 5 (16.91 million shares) at A$1.75 per share = A$29.6 million
- Closing date for rights issue offer is 13 January 2006

* split between tranche I & II subject to ASX approval

Note well: All figures, unless expressed otherwise, assume a AUD/USD exchange rate of 0.73

1. Includes payment to AAE (see page 10) but excludes funding and acquisition costs. Inclusive of debt service reserve
2. Conditional on BEI shareholder approval, to be obtained early January 2006

Denco acquisition details

Overview of the Denco acquisition

Key acquisition details

- Babcock & Brown Environmental Investments Ltd ('BEI') will acquire 100% of the issued capital of Denco
- BEI will subscribe for 100% of the issued capital via a wholly-owned US subsidiary
- Purchase price of ~ A$75.3 million (plus assumed debt and working capital of A$15.1 million)[1] - implied Enterprise Value $90.4 million

Diversified Energy Company, LLC (Denco)

- Denco is an ethanol business whose principal asset is an ethanol production facility located at Morris in Minnesota, USA
  - currently producing approximately 25 million gallons of denatured ethanol per annum
  - 12.5% interest in ethanol marketing group RPMG
  - ownership in other ethanol production facilities and businesses
- Key features of Denco:
  - existing profitable ethanol producer
  - strategically located near to key suppliers
  - profitable sales and distribution strategy
  - proven management and operational team
  - supported by US Federal and State incentives
  - CY05[2] EBITDA of A$14.0 million

1. Includes payment to AAE (see page 10), excludes funding and acquisition costs. Inclusive of debt service reserve
2. Based on actual figures for the 9 months ended September and Denco management budget accounts for October to December

Overview of the Denco acquisition

Investment highlights

- Consistent with BEI's strategy of acquiring high quality environmentally friendly assets
- Provides BEI with an immediate entry point to the US ethanol market
- Immediate cashflow and profitable business
- Opportunity to expand Denco facility and leverage expertise into other ethanol facilities and markets (both domestically and internationally)
- CY05 EBITDA multiple[1] 6.4x
- Base case[2] EBITDA multiple[1] 3.7x

1. EV calculation comprises of Denco equity price (inclusive of payment to AAE – see page 10 for more) + assumed debt + debt service reserve + working capital
2. Based on base case ethanol and corn pricing assumptions for Morris Ethanol Plant and minority interests – see slide 23 for more detail

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Transaction structure…

Relationship with Australian Ethanol Limited

- Since September BEI has been working with Australian Ethanol Limited ("AAE") to acquire Denco with 50% to be owned by each party
- The purchase price agreed with Denco unit holders was A$67.3 million (plus assumed debt and working capital of A$15.1 million[1])
- AAE has now agreed to BEI acquiring 100% interest in Denco
- BEI has agreed to pay AAE an $8.0 million premium for this
- BEI believes this price represents a reasonable premium for full ownership and takes into account current market value for Denco

1. Excludes funding and acquisition costs. Inclusive of debt service reserve

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US ethanol market overview

US ethanol market

- The Clean Air Act of 1990 mandated standards for clean-burning fuels and required oxygenates in fuel, either ethanol or MTBE
- MTBE has been deemed to be carcinogenic and has been banned in 25 states
- The recently signed Energy Bill includes a Renewable Fuels Standard (“RFS”) that mandates domestic production reach 7.5 billion gallons per year by 2012 – up from approximately 4.0 billion gallons in 2006
- The JOBS Act extended the ethanol tax credit of US$0.51 cents per gallon until 31 December 2010. The tax credit is realised at the retail level and efficiently provides a subsidy for the sales price of ethanol
- No new gasoline refineries have been built in the US in 25 years and ethanol is a cost effective extender and enhancer

Why ethanol is important

1. In 2004 the ethanol market in the US reduced the U.S. trade deficit by $5.1 billion by eliminating the need to import 143.3 million barrels of oil
2. The use of ethanol significantly reduces harmful tailpipe emissions from both automobiles and off-road vehicles that contribute to air pollution
3. Ethanol contains 35% oxygen, which aids in the combustion of petroleum fuels
4. Ethanol is water soluble, non-toxic and biodegradable. It has become the oxygenate of choice in federal clean fuel programs
5. A recent study found that a 10% ethanol blended fuel will:
   - Reduce tailpipe fine particulate matter (PM) emissions by 50%
   - Reduce secondary PM formation by diluting aromatic content in gasoline
   - Reduce carbon monoxide (CO) emissions by up to 30% - even in new cars
   - Reduce toxics content by 13% (mass)
   - Reduce toxics content by 21% (potency)

Source: Smog Reyes, February 2004

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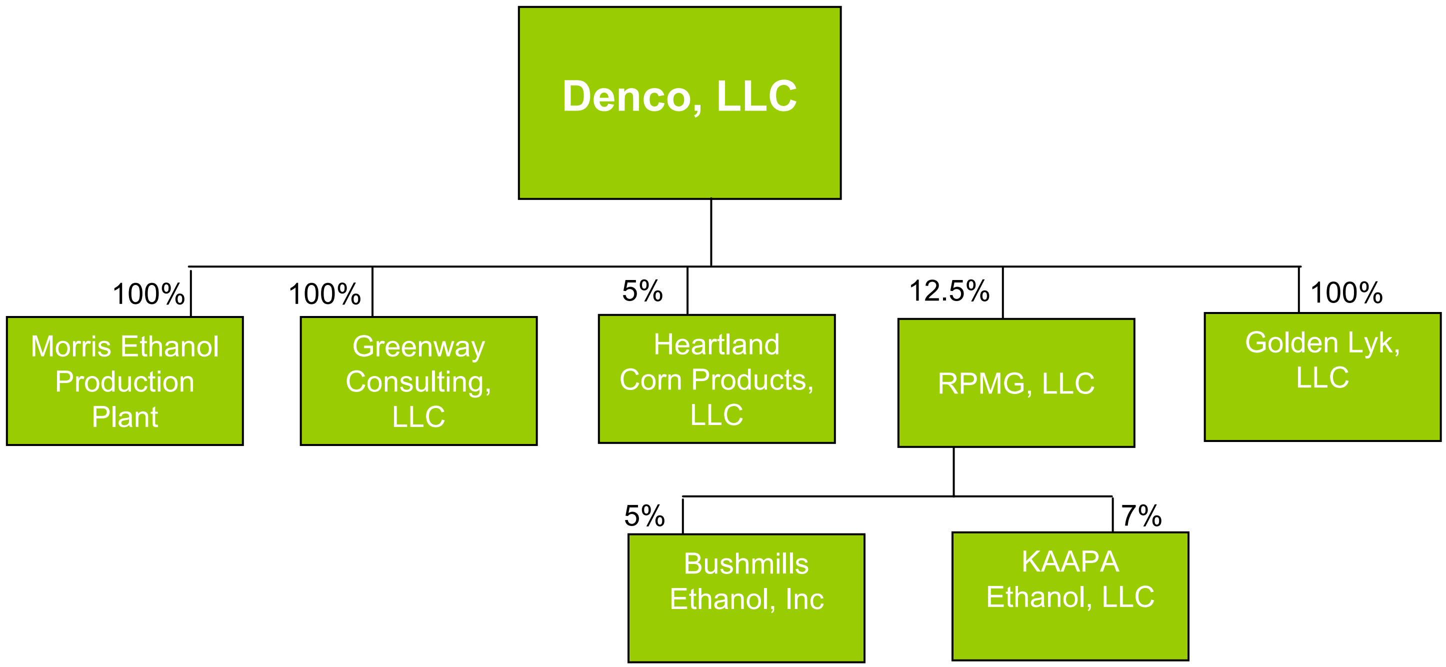
Overview of Denco

Quality portfolio of ethanol production, distribution and marketing assets…



Cashflow generative assets…

Morris Ethanol Plant

- Denco owns 100% of the Morris Ethanol Plant
- Denco currently owned by 356 members
- Produces approximately 25 million gallons of denatured ethanol per annum
- Primary feedstock for the plant is corn
  - sourced directly from local farmer producers or local grain elevators
- Ethanol sold through RPMG
- CY05[1] revenue from ethanol sales of ~ A$50m (accounting for ~ 80% of total revenue) from Morris Ethanol Plant

Green Way Consulting

- Denco owns 100% of the consulting company Green Way Consulting, LLC
- Primarily act as a consultant and project manager in the United States fuel ethanol industry
- Support start up facilities with front end design and testing, commissioning new facilities and provide experienced operational personnel to the industry
- Opportunities to leverage the operational expertise of Green Way into other markets
- Use Green Way to expand Denco

1. Based on actual figures for the 9 months ended September and Denco management budget accounts for October to December

Strong platform for growth…

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Renewable Production Marketing Group (RPMG)

- Denco owns 12.5% of RPMG
- Fourth largest marketer of ethanol in the United States
- Marketed over 500 million gallons of ethanol in 2004
- Interests in several ethanol production facilities
- Eight shareholders – all ethanol producers
- Top 10 clients represent approximately 50% of ethanol sales
  - comprising major oil and independent fuel suppliers
- Primary focus of RPMG is to secure long-term ethanol sales contracts for member groups based on a variety of pricing strategies

Golden Lyk, LLC

- Denco owns 100% of the distiller's grain technology and production company Golden Lyk
- Golden Lyk holds patents, know-how and ownership in distillers grain feedstock products and a production facility located at Morris, Minnesota, USA

Other minority interests

- Heartland (Denco 5%) – ethanol production facility with a capacity of 36 million gallons per annum
- KAAPA Ethanol (RPMG 7%) – ethanol production facility with a capacity of 40 million gallons per annum
- Bushmills Ethanol (RPMG 5%) – ethanol production facility with a capacity of 40 million gallons per annum

Morris Ethanol Plant

Overview

- The Morris Ethanol Plant is the core asset in the Denco portfolio, with ethanol sales from the plant accounting for approximately 80% of total revenue
- Produces approximately 25 million gallons of denatured ethanol per annum

Key Drivers

- Government regulation
  - supported by US Federal and State incentives
- Ethanol sales
  - rising oil prices have underpinned ethanol price increases over the past 6 months, providing for a more favourable pricing environment
  - banning of MTBE has increased demand for ethanol
  - recently signed Energy Bill mandates domestic production reach 7.5 billion gallons per year by 2012 (up from 4.5 billion gallons in 2006)
- Corn pricing
  - US is experiencing a period of low corn prices against traditional levels
  - 42% of Denco's corn requirement for up to September 2006 has been hedged at US$2.00 per bushel

Investment highlights

- Cash generative asset with strong growth potential
- Existing profitable ethanol producer
- Strategically located near key suppliers
- Profitable sales and distribution strategy
- Proven management and operational team
- Favourable pricing and regulatory environment

Profitable sales and distribution strategy…

Ethanol Sales

- Ethanol produced at the facility is sold through RPMG
- Majority of ethanol sold to ethanol aggregators or marketers (RPMG)
- RPMG typically targets a mix of off-take contracts, ranging from:
  - fixed price contracts (6-9 month contracts)
  - gasoline plus contracts (6-9 month contracts)
  - spot contracts
- Denatured fuel ethanol contracts traded on the Chicago Board of Trade (CBOT), providing an effective risk mitigation tool

Ethanol - historical price performance[2]

1. Graph based on US Average Fuel Ethanol Rack prices as at 18 November 2005
Source: Bloomberg

Strategically located near key suppliers…

Corn feedstock

- Corn is the primary feedstock for the Denco facility
- Morris region is situated at the northern end of the corn belt
- Denco purchases and schedules corn procurement either directly from farmer producers (within a 30 mile radius) or from local grain elevators
- Corn futures traded on the CBOT
- Forward contracts used to secure reliable corn supply
  - generally priced against CBOT contract, discounted for basis
  - basis is the difference between cash and corn price, and reflects the cost of transport
  - Morris Ethanol Plant basis is approximately US$0.30 – US$0.35

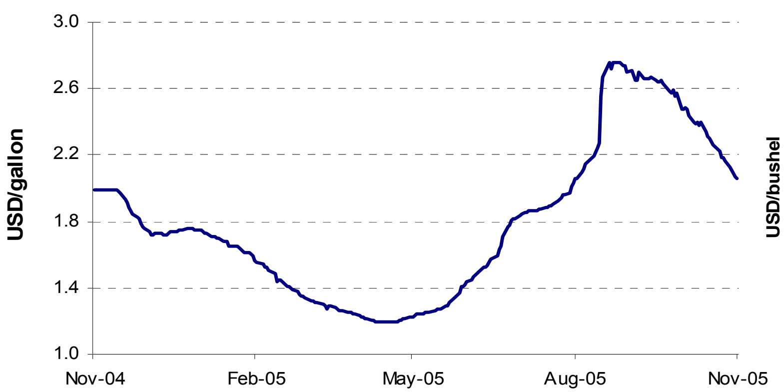
Corn - historical price performance[2]

1. Graph based on USDA Minneapolis Yellow Corn summary price as at 18 November 2005
Source: Bloomberg

Attractive economics…

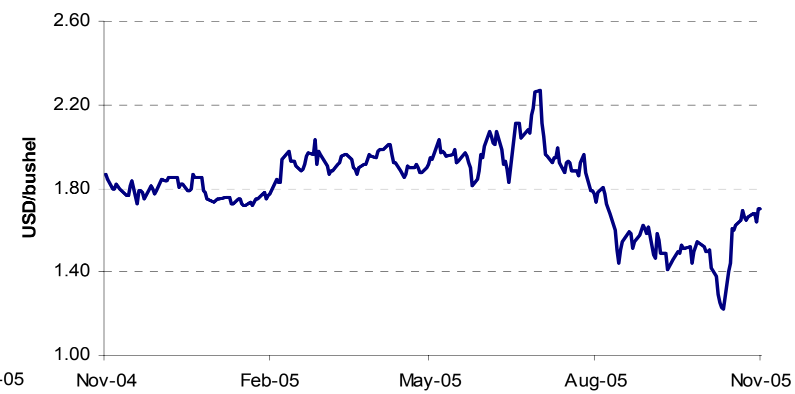
- Strong crude oil prices and the banning of MTBE has increased demand for ethanol
- This has positively impacted fuel ethanol prices
  - average US fuel ethanol rack prices have ranged between US$1.20/gallon and US$2.70/gallon over the past 12 months
  - average US fuel ethanol rack prices currently trading at US$2.05/gallon
- Corn prices are significantly lower than traditional levels
- The divergence between ethanol and corn prices over the past 6 months has made the economics of ethanol production even more favourable

Average US Ethanol Rack Prices



Source: Bloomberg

USDA Minneapolis Corn Prices



Source: Bloomberg

Historical financial performance…

- Denco financial performance for the period CY2001 – CY2005

		2001	2002	2003	2004	2005 YTD	2005 Budget
Production (gallons)		18,342,582	20,925,263	21,627,611	22,554,839	18,456,950	24,668,714
Revenue	A$	42,657,655	41,946,585	45,259,451	56,759,358	43,185,236	60,605,441
Expenses	A$	29,390,045	33,096,078	39,115,215	46,724,656	33,978,605	46,541,342
EBITDA	A$	13,267,610	8,850,507	6,144,236	10,034,701	9,206,630	14,064,099
EBIT	A$	11,418,179	6,824,853	4,000,934	7,421,215	7,105,262	11,323,689

1. 2005 YTD = Actual figures for the 9 months ending September 2005
2. Figures for October, November and December 2005 are budget numbers based on Denco management accounts

- Figures for October, November and December 2005 are based on Denco management budgets
- 2005 YTD/budget financials incorporate:
  - Ethanol price - US$1.50 per gallon
  - Corn price - US$2.08 per bushel

Indicative plant capabilities…

- The following table presents EBITDA sensitivities for the Morris Ethanol Plant and minority interests relative to base case ethanol and corn price assumptions
- Base case prices:
  - Ethanol price – US$1.80 per gallon
  - Corn price – US$2.00 per bushel

  Current prices[1]:
  - Ethanol price – US$2.05 per gallon
  - Corn price – US$1.70 per bushel

Ethanol Price	30% decrease	20% decrease	10% decrease	Base Case	10% increase	20% increase	30% increase
Ethanol Price (US$ per gallon)	1.26	1.44	1.62	1.80	1.98	2.16	2.34
Ethanol Price (A$ per litre)	0.46	0.52	0.59	0.65	0.72	0.78	0.85
Implied EBITDA ($A)	5,958,103	12,122,481	18,286,858	24,451,236	30,615,613	36,779,990	42,944,368

Corn Price	30% decrease	20% decrease	10% decrease	Base Case	10% increase	20% increase	30% increase
Corn Price (US$ per bushell)	1.40	1.60	1.80	2.00	2.20	2.40	2.60
Corn Price (A$ per tonne)	13.63	15.58	17.52	19.47	21.42	23.37	25.31
Implied EBITDA ($A)	31,808,172	29,355,860	26,903,548	24,451,236	21,998,923	19,546,611	17,094,299

1. Current prices based on US Average Fuel Ethanol Rack Prices and USDA Minneapolis Corn Prices. Prices as of 18 November 2005.

BEI update

Group Project - Indicative Financial Assumptions

Normalised 12 month trading	Pro forma (A$) EBITDA	Comments / Key Assumptions
Denco	$24.4m	▪ based on base case ethanol and corn pricing assumptions (see slide 23 for more detail)
NFAL – 50% interest	$38.5m	▪ 100% capacity for Darwin plant at current commodity prices ▪ expected completion August 2006
SOR	$9.7m	▪ includes additional 50% capacity upgrade ▪ upgrade scheduled for completion September 2006 ▪ SOR 2005/06 budget EBITDA $3.1m pre upgrade
EPTS	$3.1m	▪ assumes operating at capacity following successful ramp up
BEI Normalised EBITDA	**$75.7m**	

Pro forma Assumptions

- Normalised 12 month trading periods for each business, operating at nameplate capacities
- Excludes B&B management fee @1.5% of market capitalisation plus out-performance fees
- For further information on NFAL, SOR and EPTS indicative project capabilities, assumptions and risks, see BEI prospectus dated 27 May 2005

Pro forma financial information does not represent company forecasts as insufficient reasonable grounds for time based forecast per ASIC PS170

Asset update…

Natural Fuels Australia Limited (50%)

- Developing a 147 million litre bio-diesel plant in Darwin
- Further 3 plants planned for development in Australia
- Civil construction work has commenced on the Darwin site with completion to occur by August 2006 and commissioning by September 2006
- Once operational, Darwin will be the largest bio-diesel plant in Australia
- Pro-forma EBITDA at full capacity and current market prices of $38.5 million

Southern Oil Refining (100%)

- SOR processes used lubricant oils into fully refined lubricating oil and energy products
- Plant located near Wagga Wagga
- Currently re-refines 20 million litres of used oil per annum, of which 70% is recovered as lubricant base oil and other fuel products for resale
- SOR has commenced design of a 50% capacity upgrade (total of 30m litres p.a.)
- Upgrade scheduled for completion Sept/Oct 2006
- Pro-forma EBITDA at full capacity of $9.7 million

Earth Power Technologies (100%)

- Regional waste to energy plant located in Sydney
- Plant has design capacity to receive and process 72,000 tonnes per annum of food wastes for conversion to bio-gas
- Bio-gas used to power 2.9MW generation facility
- Plant currently operating at 40% of capacity
- Plan to undertake a number of relatively minor capital improvements, with a view to reaching full capacity by June 2006
- Pro-forma EBITDA at full capacity of $3.1 million

Acquisition opportunities

- BEI is currently exploring a number of acquisition opportunities
- Target sectors include
  - Bio-diesel
  - Bio-mass
  - Renewable energy
  - Ethanol
- BEI may also expand the NFAL plant as well as continue to pursue opportunities in the global ethanol market

Acquisition funding

Structure of funding

Denco Financing

- BEI will fund the acquisition consideration and costs via a combination of project finance and equity
  - A$56.5 million equity
  - A$43.4 million project finance

Equity raising

- Total placement to raise A$45.7 million
  - Tranche I placement of A$25.7 million (within current placement capacity)*
  - Tranche II placement of A$20.0 million (subject to shareholder approval)*
- Non-renounceable rights issue (1 for 5) of A$29.6 million
- Funds raised will be used to finance the equity component of the consideration and fund future acquisition and expansion opportunities and for BEI group working capital

Debt

- Project financing of A$43.4 million will be sourced to fund the debt component of the acquisition
- The project debt will reside in the acquisition vehicle

Equity raising sources & uses of funds

Sources (A$m)		**Uses (A$m)**	
Capital raising	$ 75.3	Acquisition price	$ 75.3
Project Finance	$ 43.4	Debt assumption[1]	$ 11.4
		Working capital	$ 3.7
		Acquisition costs	$ 5.9
		Capital raising costs	$ 3.6
		Other acquisition opps.	$ 18.8
	$118.7		**$118.7**

* split between tranche I & II subject to ASX approval

1. Outstanding loans plus debt service reserve

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Environmental Investments Limited

Offer summary and timetable

Placement

Placement details

- A$45.7 million to be raised via a fixed price offer
- Issue price of A$1.80 per share (up to 25.37 m shares)
- Discount of
  - 11.6% to the 5 day VWAP (as at close on 23 November 2005 - A$2.04)
- Approximately A$25.7 million is within current placement capacity (Tranche I)
- Therefore up to A$20.0 million is conditional on shareholder approval (Tranche II)

Timetable

- Settlement of Tranche I of placement Friday 16 December 2005
- Placement subject to completion of acquisition CP's – expected 14/15 December
- Tranche II conditional on shareholder approval – EGM to occur early January 2006

Non-renounceable rights issue

- Approximately A$29.6 million non-renounceable rights issue
- Pro-rata entitlement offer to existing shareholders on a 1 for 5 basis
- Issue price of A$1.75 per share
- Discount of:
  - 14.1% to the 5 day VWAP (as at close on 23 November 2005 - A$2.04)
  - 9.2% discount to the theoretical ex-rights price (A$1.93)
- Prospectus to be lodged with ASIC on or around Wednesday 30 November 2005
- Underwritten by Wilson HTM Corporate Finance and Tricom Equities
- Babcock & Brown intend to take up their full entitlement

Indicative timetable

Trading Halt	Thursday 24 November 2005
Announcement of the Issue and lift trading halt	Tuesday 29 November 2005
Lodge Prospectus	Wednesday 30 November 2005
Record Date for determining entitlements to New Shares	Thursday 8 December 2005
Opening of offer	Thursday 8 December 2005
Prospectus despatched on	Monday 12 December 2005
Settlement of Placement Shares	Friday 16 December 2005
Rights Closing Date	Friday 13 January 2006
Expected date for allotment of New Shares	Monday 16 January 2006
Despatch of holding statements	Tuesday 17 January 2006
Expected quotation	Thursday 19 January 2006

* Timetable is indicative and subject to change

Investment highlights

Immediate entry point to the global ethanol market…

BEI Strategy	▪ Consistent with BEI's strategy of acquiring high quality, environmentally friendly assets ▪ Attractive opportunity for BEI to continue to diversify and expand its investment portfolio
Immediate cashflows & attractive pricing	▪ The Denco acquisition is expected to generate immediate cashflows ▪ Profitable new business – CY05[1] EBITDA ~ A$14.0m – EBITDA from Morris Ethanol Plant and minority interests based on base case ethanol and corn pricing assumptions ~ A$24.4m ▪ CY05 EBITDA multiple[2] 6.4x ▪ Base case EBITDA multiple[2] 3.7x
Growth potential	▪ Provides a platform to enter both the US and international ethanol market – potential to leverage the Denco business model and operational expertise into other markets ▪ Future growth opportunities through expansion of the Denco facility and future acquisitions

1. Based on actual figures for the 9 months ended September and Denco management budget accounts for October to December
2. EV calculation comprises of Denco equity price (inclusive of payment to AAE – see page 10 for more) + assumed debt + debt service reserve + working capital

Appendix

Appendix I – Sensitivity table

- EBITDA ($A) sensitivity to various corn and ethanol prices

Ethanol ($US/gallon)		1.26	1.44	1.62	1.8	1.98	2.16	2.34
Oil Crude Equiv. ($US/Barrel)		32.76	40.32	47.88	55.44	63.00	70.56	78.12
Corn Price (US$ per Bushell)	1.40	$ 13,315,040	$ 19,479,418	$ 25,643,795	$ 31,808,172	$ 37,972,550	$ 44,136,927	$ 50,301,305
	1.60	$ 10,862,728	$ 17,027,105	$ 23,191,483	$ 29,355,860	$ 35,520,238	$ 41,684,615	$ 47,848,992
	1.80	$ 8,410,416	$ 14,574,793	$ 20,739,170	$ 26,903,548	$ 33,067,925	$ 39,232,303	$ 45,396,680
	2.00	$ 5,958,103	$ 12,122,481	$ 18,286,858	$ 24,451,236	$ 30,615,613	$ 36,779,990	$ 42,944,368
	2.20	$ 3,505,791	$ 9,670,168	$ 15,834,546	$ 21,998,923	$ 28,163,301	$ 34,327,678	$ 40,492,055
	2.40	$ 1,053,479	$ 7,217,856	$ 13,382,234	$ 19,546,611	$ 25,710,988	$ 31,875,366	$ 38,039,743
	2.60	$ (1,398,834)	$ 4,765,544	$ 10,929,921	$ 17,094,299	$ 23,258,676	$ 29,423,053	$ 35,587,431

Assumptions underlying Crude Oil Equivalent calculations

Basis between Oil and NYMEX Gas per gallon	US$0.11
Ethanol Tax Exemption per gallon	US$0.52
Basis between Ethanol and NYMEX Gas per gallon	-US$0.15