

EVEREST BABCOCK & BROWN ALTERNATIVE INVESTMENT TRUST

Everest Babcock & Brown Alternative Investment Trust • ARSN 112 129 218
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30 January 2009

ASX RELEASE

Successful Implementation of the EBI Exchange Offer

Further to yesterday's announcement in relation the outcome of the EBI Exchange Offer, the Board of EBI today advises that the Exchange Offer has now been implemented.

The total number of units exchanged under the Exchange Offer was 48,499,951 units, representing approximately 27% of EBI's total units on issue. Unitholders who have accepted the Exchange Offer will receive new holding statements within the next few days.

Following yesterday's announcement, regarding an alternative proposal received from Coastal Capital to manage EBI in the event that Permanent Investment Management Limited (PIML) is appointed as responsible entity, PIML have provided a response which is attached for the benefit of EBI unitholders. The Board also confirms that the Swap Leverage Provider has now consented to PIML becoming the new Responsible Entity of EBI.

The unitholder meeting to consider the replacement of the responsible entity will take place at noon today and results will be released to the ASX following the meeting.

Ends.

About Everest Babcock & Brown Alternative Investment Trust (EBI)

Everest Babcock & Brown Alternative Investment Trust has exposure to a portfolio of leading international absolute return funds and selected direct investments in subordinated debt and equity co-investments. The objective of the investment portfolio is to generate attractive risk-adjusted absolute returns over the medium-to-long term while maintaining a constant focus on capital preservation.

For further information please visit our website www.everest.com.au or contact:

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29 January 2009

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Dear Mr Frohlich

EVEREST BABCOCK & BROWN ALTERNATIVE INVESTMENT TRUST

We refer to your letter dated the 27th of January 2009, in which Coastal Capital Limited (Coastal) provided an alternative proposal for the management of the Everest Babcock & Brown Alternative Investment Trust (**EBI**). We have copied this letter to EBI as your letter was provided to EBI and released to the Australian Securities Exchange by EBI today. However, we note that the letter provided to Permanent Investment Management Limited (**PIML**) and the letter released to the Australian Securities Exchange are not identical. We address the letter attached to the EBI release.

Our response to your letter is as follows:

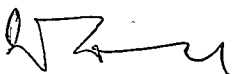
We disagree with your assertion that unitholders have not been provided with any assurances as to the intentions of PIML and Laxey. As disclosed in the Notice of Meeting, PIML, if voted in as responsible entity by unit holders, will enter into a management agreement with Laxey Partners (UK) Limited (**Laxey**) to manage the orderly wind up of EBI. This contract will be on commercial terms and at arms length.

PIML has conducted the necessary due diligence on Laxey and is satisfied that Laxey is an appropriate choice as investment manager for EBI.

In addition, you should be aware that PIML has now received consent from Macquarie Bank Limited to replace EBI as RE, as is required under the existing ISDA Agreement.

Further, if PIML is voted in as the responsible entity of EBI, consistent with its fiduciary obligations, PIML will act in the best interests of unitholders. This includes considering the merits of any subsequent management proposals, including that of Coastal, and taking into account all relevant circumstances in giving consideration to any proposals for the realisation of EBI's assets, including the payment and frequency of interim distributions.

Yours faithfully



John O'Connell
Manager Responsible Entity Services

cc

Trevor Gerber, Chairman, Everest Babcock & Brown Alternative Investment Trust
Jeremy Reid, Chief Executive Officer, Everest Financial Group