

BABCOCK & BROWN

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ASX Release

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APPOINTMENT OF VOLUNTARY ADMINISTRATOR TO BABCOCK & BROWN LIMITED

The Directors of Babcock & Brown Limited today announce that investors in the Company's subordinated notes listed in New Zealand have voted against the special resolution to restructure the terms of the notes. As a result of this vote and as foreshadowed in the Explanatory Memorandum booklet released to the market on 19 February 2009, the Board has appointed David Lombe and Simon Cathro of Deloitte Touche Tohmatsu as Voluntary Administrators of Babcock & Brown Limited.

The special resolution put to subordinated note holders required holders of **both** the New Zealand notes and holders of the Australian notes to vote in favour for the restructure. **GIVEN THE RESULT OF THE MEETING IN NEW ZEALAND, THE PROPOSED MEETING TO BE HELD IN SYDNEY, AUSTRALIA AT 4.30PM TODAY WILL NOT PROCEED.**

Trading in shares in Babcock & Brown (ASX: BNB) and the Australian subordinated notes (ASX:BNBG) is already suspended. It is likely that trading in the New Zealand listed notes will now also be suspended, and that all these securities will be removed from the relevant Exchanges.

The administrators will contact creditors of Babcock & Brown Limited as part of the administration and will explain to creditors the process and likely timeframe of the administration.

The appointment of administrators to Babcock & Brown Limited is not expected to have any material impact Babcock & Brown International Pty Ltd (BBIPL) the main operating and asset owning entity of the Babcock & Brown Group. BBIPL will continue to operate and will proceed with the orderly realisation of assets over an approximate 2-3 year time horizon to reduce debt. The management team will focus on ensuring that the value of assets and business platforms is preserved during this process and all assets and businesses continue to be

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managed appropriately and that all legal commitments and regulatory requirements are met.

While the Babcock & Brown Board believes that there will be value for BBIPL's Corporate Facility lenders, it does not believe that there will be any value for equity holders, and holders of the Company's subordinated notes following the completion of the BBIPL asset sale program.

The Board and Management of Babcock & Brown deeply regret the loss of subordinated note and shareholder value that has occurred and acknowledge the financial hardship this has caused. The Board and Management are disappointed that a restructure of the notes could not be achieved as the Board believes, for the reasons set out in the explanatory statement that accompanied the notices of noteholders' meetings, that the restructure would have produced a potentially better result for all investors in the Company's securities. However they accept that some noteholders preferred to retain the original terms of the notes.

ENDS

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For further information about Babcock & Brown please see our website:
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