

BABCOCK & BROWN

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BABCOCK & BROWN / SINGAPORE POWER SUPERIOR PROPOSAL RECOMMENDED BY ALINTA BOARD

International investment and advisory firm Babcock & Brown (ASX: BNB) today sought to clarify some of the issues that have been raised around the Proposal made to Alinta Limited ("Alinta") shareholders last week. On Friday 30 March 2007 a consortium with several Babcock & Brown managed funds and Singapore Power International Pte Ltd ("SPI") (the "Consortium") signed a Scheme Implementation Agreement ("Scheme") with Alinta. The Board of Alinta also announced its intention to recommend unanimously that in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the proposal is in the best interests of Alinta shareholders, the Consortium's Proposal be accepted and put to Alinta shareholders at a meeting to be held in late July.

Phil Green, Chief Executive of Babcock & Brown said, "Given the recent commentary around this transaction, we feel it is important to clarify a few matters relating to our Consortium's attractive \$15.40¹ bid. We wish to ensure that its value is properly understood and also to counter what we regard as misinformation relating to alternative proposals the Alinta Board may have considered."

Key aspects of the Consortium's Proposal:

- value of \$15.40¹ per Alinta share;
- limited conditionality with significant cash component;
- combination of Alinta assets with existing assets owned by the Consortium delivers real value to all stakeholders, with these benefits not reliant on highly financially engineered arrangements or synergies derived solely from the existing Alinta business;

¹ Includes 40 cents of franking credits.

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- capacity for Alinta shareholders to retain exposure to growth in some of the underlying Alinta assets as well as the assets of the Babcock & Brown Funds;
- 137% increase in yield to Alinta shareholders on the scrip component of the consideration, fully tax deferred and paid from operating cashflows; and
- 34% of consideration in quality Babcock & Brown managed Funds with combined market capitalisation of approximately \$8 billion and a clear track record of outperforming.

It is also important to note that:

- Babcock & Brown has agreed to waive its origination fees and will not charge any Fund management fees until the transaction is completed; and
- In response to feedback Babcock & Brown will establish a facility for Alinta shareholders who receive small parcels in the various Babcock & Brown Funds to receive cash instead.

The \$15.40 per Alinta share Proposal comprises:

	Total Value (\$ per share)
Cash	8.50
BBP securities (0.66 securities per Alinta share) ²	1.89
BBI securities (1.57 securities per Alinta share) ²	2.91
BBW securities (0.26 securities per Alinta share) ²	0.43
APA securities (0.30 securities per Alinta share)	1.27
Franking credits distributed via a special dividend or buyback	0.40
Total per Alinta share	15.40

² Value of Babcock & Brown related securities based on 60 day volume weighted average price for each security being offered.

The Consortium's Proposal is largely unconditional³ and has no material conditions relating to finance.

Mr Green said, "Babcock & Brown and Singapore Power decided to partner on this transaction because together we have unique capacity to deliver the maximum consideration to Alinta shareholders whilst still delivering value to our own stakeholders. Specifically we were able to place the assets into existing businesses of similar scale with strategic or synergistic value for all concerned.

³ There are some standard regulatory approvals required.

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"The involvement of Singapore Power in the consortium enabled us to structure a Proposal that has a high proportion of cash for all Alinta shareholders.

"Babcock & Brown's involvement enables the Consortium to deliver Alinta shareholders scrip in a range of top performing Babcock & Brown managed Funds with established market positions and attractive yields supported by true operating cash flow. The Babcock & Brown managed Funds are not reliant on structured transactions between related parties to manufacture distributions which are not supported by operating cashflow nor are they dependent upon significant future synergies to be derived solely from the existing Alinta business."

"The forecast blended average yield⁴ for the Babcock & Brown managed Funds for 2007 is a fully tax deferred 7.8% compared to a 3.3⁵% forecast yield for Alinta. This represents for the scrip component of the consideration, a 137% increase in distribution yield, on a fully, not partially tax deferred basis.

"Alinta shareholders will receive approximately 34% of the total consideration in quality scrip in Babcock & Brown managed funds, being:

- Babcock & Brown Infrastructure (ASX: BBI) - A global leading owner of energy and transport infrastructure assets (indicative market cap of A\$4.8 billion post transaction);
- Babcock & Brown Power (ASX: BBP) - Australia's leading power generation investment vehicle (indicative market cap of A\$2.0 billion post transaction); and
- Babcock & Brown Wind Partners (ASX: BBW) - one of the worlds leading investors in wind farms (indicative market cap of A\$1.2 billion post transaction).

"Each of these entities has a demonstrable and successful trading history, high levels of liquidity and attractive investment fundamentals which are expected to be enhanced by the proposed transaction thus providing even further potential upside to Alinta shareholders."

Mr Green said, "We will be taking our message to all stakeholders over the next few weeks to explain not only the benefits of this transaction to each Fund but also the quality and attractiveness of the existing Babcock & Brown assets in which Alinta shareholders will now have the opportunity to invest."

⁴ Forecast yield based on broker consensus forecasts source Thomson Financial for the financial year ending 30 June 2007.

⁵ Forecast yield based on broker consensus forecasts source Thomson Financial for the financial year ending 31 December 2007.

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Clarification of Babcock & Brown Fees

In response to several inaccurate reports relating to fees associated with our Consortium's proposal, we consider it important to clarify the position. Babcock & Brown has decided in this case to waive its origination fees to the various Babcock & Brown Funds. Furthermore Babcock & Brown management fees in relation to this transaction will not be payable until a contract for completion is concluded which will be at the earliest once shareholders have voted in favour of the Scheme. This is unlikely to be before late July 2007.

Competing Proposal

Mr Green said, "There has been much speculation about a supposed all-cash competing offer. Whilst we are not privy to the details of this it seems clear that a full cash offer would not be delivered to Alinta shareholders due to a default scrip consideration for shareholders who fail to make an election in the Scheme. It is a well documented fact that a material percentage of retail investors do not exercise their rights or make an election at scheme meetings and as a result would be given scrip under the default option in the supposed all-cash offer. We understand that the competing proposal required that Alinta shareholders receive the scrip offer as default even if the Alinta Board only recommended the cash option.

"We understand that the alternative proposal included cash and shares in an entity owning some of the lower growth Alinta assets with early year cashflows and distributions generated by short-term structured transactions between related parties to manufacture distributions which are not supported by operating cashflow and which are dependent upon significant future synergies to be derived solely from the existing Alinta business. The alternative proposal appears highly engineered and on the basis of historic shareholder responses to these type of proposals, would disadvantage Alinta's retail shareholders.

"The Board of Alinta have made it clear that they did not feel comfortable recommending the future valuation of the shares in this new entity with engineered returns to existing Alinta shareholders. The Alinta Board also confirmed that they assessed the capital gains tax implications for Alinta shareholders under the two proposals and concluded that the Babcock & Brown/Singapore Power Proposal was the superior offer.

The Alinta Board has recommended the Babcock & Brown/Singapore Power Proposal because it is superior, transparent, clean, largely unconditional and treats everyone equally.

In Alinta's announcement recommending the Babcock & Brown / Singapore Power Proposal the Chairman of Alinta Mr John Akehurst said;

"There has been a thorough and rigorous evaluation in which due regard has been given to the conditions and risks associated with the proposals.

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The (Alinta) board has concluded that the Babcock & Brown / Singapore Power consortium has made the superior proposal following an open and competitive tender process.”

Mr Green said, “Our Proposal is transparent, clean, largely unconditional and treats everyone equally. We have not sought to structure a transaction to the benefit of any one group of shareholders. We are offering cash and shares in real businesses with high quality assets, management teams and strong historical investment performance. These businesses also have good growth prospects, which will only be enhanced by the inclusion of the relevant Alinta assets and which will deliver attractive distribution yields sourced from operating cashflow. We will be offering smaller shareholders a facility to receive cash if they receive small parcels as a result of our Proposal. We will also be working with the Alinta Board to seek to incorporate capital gains tax roll over relief for a significant portion of the scrip component.

“We welcome the recommendation of the Alinta Board to their shareholders.”

“I expect over the next few weeks as the market develops a clearer understanding of these facts there will even stronger support from all stakeholders for our proposal,” Mr Green concluded.

Further Information:

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About Babcock & Brown

Babcock & Brown is 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 was founded in 1977 and is listed on the Australian Stock Exchange.

Babcock & Brown operates from 27 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1000 employees worldwide. Babcock & Brown has five operating divisions including real estate, infrastructure and project finance, operating leasing, structured finance and corporate 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