



## ASX Release

10 November 2009

### FURTHER DETAILS CONCERNING AET&D ASSET SALES

Babcock & Brown Infrastructure (ASX:BBI) announced last week the relinquishment by the Cornerstone Investor<sup>1</sup> of all the benefit of the proposed AET&D Option<sup>2</sup> in favour of EPS holders. Details of these arrangements have been provided in letters to stapled Securityholders and EPS holders, and copies of the proposed EPS Holder Deed Poll and the Option Deed which form part of these arrangements have been made available on BBI's website at [www.bbinfrastructure.com](http://www.bbinfrastructure.com).

As previously disclosed, the provision of asset management services to AET&D by the Cornerstone Investor (which will include assistance relating to the sale of the AET&D assets<sup>3</sup>) will be subject to supervision of the boards of the AET&D entities<sup>4</sup>. In this regard, BBI (as the ultimate holding company of the AET&D entities) intends to ensure, subject to applicable legal constraints<sup>5</sup>, that the AET&D entities seek the approval of EPS holders<sup>6</sup> for any proposed sale of all or a material portion of the AET&D assets prior to completion of such a sale.

For this purpose, BBI intends to convene a meeting of EPS holders at which they may vote (by simple majority of votes cast) to approve the sale<sup>7</sup>. The material terms of the proposed sale will be provided to EPS holders in connection with any such meeting. In this regard, minimum sale terms may be proposed for approval by EPS holders whether or not buyers for the asset have been identified and, if approved, no further approval of EPS holders need be sought for a sale within those terms.

As noted in the earlier letters to stapled Securityholders and EPS holders, the arrangements (other than the AET&D Option) outlined in the Prospectus and the Notice of Meeting between BBI and the Cornerstone Investor regarding AET&D and the sale of the AET&D assets will remain in place. The Cornerstone Investor will enter into a 3 year asset

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<sup>1</sup> Terms used in this announcement and not defined in it have the meanings given to them in the Securityholder Notice of Meeting dated 16 October 2009 (**Notice of Meeting**) unless the context indicates otherwise.

<sup>2</sup> The option, which was to have been given in favour of Brookfield Asset Management Inc and/or its affiliates (**Brookfield**), to acquire (subject to obtaining necessary third party consents) all of BBI's interests in the AET&D assets for nominal proceeds.

<sup>3</sup> The **AET&D assets** comprise 100% ownership of the Tasmanian gas pipeline; ownership of a 20.1% interest in the MultiNet gas distribution business, a 74.1% interest in the WA gas networks business and a 20% interest in the Dampier to Bunbury gas pipeline, in each case under relevant joint venture agreements; and the Western Australian infrastructure services business, including the WestNet Infrastructure Group, certain operational services agreements and the electrical contracting business.

<sup>4</sup> BBI EPS Cat Pty Limited and its subsidiaries.

<sup>5</sup> Including the rights of creditors, any applicable contractual constraints and the statutory and fiduciary duties of the boards of BBI and the relevant entities.

<sup>6</sup> As at 7.00pm on the date of the EPS holders Meeting (**Record Date**).

<sup>7</sup> Any meeting described above would be convened and conducted in a manner determined by BBI, in its sole discretion, and BBI expects to do so, as far as reasonably practicable, in the same manner as would have applied to a meeting of EPS holders while EPS were on issue except that only 14 days notice must be given of a meeting.

management contract with AET&D under which it will provide certain asset management services to AET&D in return for specified fees<sup>8</sup>.

### **Recommendation**

The Recapitalisation will only proceed if the Recapitalisation Resolutions are passed by Securityholders and EPS holders (as applicable) at their respective meetings to be held on 16 November 2009 and the Recapitalisation Conditions are satisfied.

**The directors of BBI and the directors of BBI EPS Limited continue to strongly recommend that Securityholders and EPS holders respectively vote in favour of the Recapitalisation Resolutions applicable to them.**

ENDS

### **Further Enquiries**

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### **ABOUT BABCOCK & BROWN INFRASTRUCTURE**

Babcock & Brown Infrastructure (ASX: BBI) is a specialist infrastructure entity which provides investors access to a diversified portfolio of quality infrastructure assets. BBI's investment strategy focuses on owning, managing and operating quality infrastructure assets in Australia and internationally.

For further information please visit our website: [www.bbinfrastructure.com](http://www.bbinfrastructure.com)

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<sup>8</sup> The asset management contract provides for the payment to the Cornerstone Investor of an annual base asset management fee of \$5 million and transaction fees in respect of any assets or businesses sold from AET&D, equal to 1% of the enterprise value of assets or businesses sold. These fees are payable by AET&D, although if the asset management contract is terminated or set aside early (other than as a result of a breach by the Cornerstone Investor or any other event solely within the Cornerstone Investor's control), BBI will pay the net present value of the management fee that would have been payable for the remainder of those three years using a discount rate of 10%, and the 1% transaction fee in respect of any sale (whether by way of share sale, asset sale, whether the sale is undertaken as part of a winding up of AET&D, by a receiver or liquidator appointed to AET&D or in any other way) of any part of the AET&D portfolio prior to the end of the natural term of the management contract. If any part of the AET&D portfolio has not been sold prior to the end of the natural term of the management contract, the Cornerstone Investor will also be entitled to a fee of 1% of the then current enterprise value of such unsold parts of AET&D, which will be payable by BBI at the end of the natural term. These fees will be part of transaction costs which are to be deducted before any payment to EPS holders. For further detail on amounts payable on termination, please see Section 13.6.7 of the Prospectus.