

BABCOCK & BROWN INFRASTRUCTURE

Babcock & Brown Infrastructure Limited · ABN 61 100 364 234
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
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ASX Release

21 December 2007

Babcock & Brown Infrastructure (BBI) Stapled Security Purchase Plan (SPP) and Distribution Reinvestment Plan (DRP)

Please see the attached letters to be sent to Securityholders in relation to the SPP and the reinstatement of BBI's DRP announced on 12 December 2007.

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 acquiring, managing and operating quality infrastructure assets in Australia and internationally. BBI's current portfolio is diversified across two asset classes:

Asset Class	FY07 BBI EBITDA*	Contribution to FY07 BBI EBITDA*
Transport	\$299.4m	53%
Energy Transmission and Distribution	\$266.7m	47%
Total	\$566.1m	100%

*Excluding BBI corporate overheads

Transport

BBI's Transport infrastructure portfolio is driven largely by the continued growth of global trade. This growth is a function of global and regional GDP growth which in turn is in part caused by the continuing and growing dislocation between the location of resources, the location of manufacturing bases and the location of key areas of consumption in the developed world. These factors have led to world trade volumes growing at over two times GDP when measured over the last 20 years with global seaborne trade growing at a CAGR of 3.7% during this time.

BBI has a portfolio of high quality transport infrastructure assets that contributed 53% of BBI's total FY07 EBITDA. These assets provide BBI with exposure to this global GDP plus growth in trade and growing demand for commodities.

Asset	Description	Contribution to FY07 Transportation EBITDA*	Contribution to FY07 BBI EBITDA*
European & US Ports	BBI Euroports is a portfolio of seven European concession port operators PD Ports is a major British landlord ports operator and owner of the 2 nd largest port in the United Kingdom ICS – A US based port operator	\$113.0m	20% ¹
WestNet Rail	A 51% equity interest in a rail infrastructure business based in Western Australia	\$104.0m	18.4% ²
DBCT	One of the worlds largest coal export facilities, located in Queensland	\$82.4m	14.6%

Energy Transmission and Distribution

BBI has a portfolio of high quality energy transmission and distribution (ET&D) infrastructure assets that contributed 47% of BBI's total FY07 EBITDA and provide BBI with businesses that provide CPI related revenue growth and strong stable cashflows.

Asset	Description	Contribution to FY07 ET&D EBITDA*	Contribution to FY07 BBI EBITDA*
Powerco	The second largest electricity and gas distribution business in New Zealand	\$182.7m	32.3%
IEG	A natural gas and LPG distribution and supply business in the United Kingdom, Channel Islands, Isle of Man and Portugal	\$66.5m	11.7%
Cross Sound Cable	a HVDC transmission cable which links the electricity grids of Long Island and Connecticut in the US	\$17.5m	3%

¹ EBITDA includes 100% of the BBI Euroports portfolio from the date of acquisition to 30 June 2007. During the period ended 30 June 2007 BBI owned 51% of the BBI Euroports portfolio and the FY07 EBITDA result comprises 12 months of WCT and 1 month of TPS. The proforma FY08 forecast (100% combined) EBITDA of the BBI Euroports portfolio is approximately €89.7 million (assuming all ports were acquired from 1 July 2007)

² EBITDA represents 100% of WestNet Rail's of which BBI owns 51% (Note: BBI has a call option over the 49% minority interest in West Net Rail)

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Asset	Description	Contribution to FY07 ET&D EBITDA*	Contribution to FY07 BBI EBITDA*
Aust Energy Transmission & Distribution assets **	A portfolio comprising four gas transmission and distribution businesses located in Western Australia, Victoria and Tasmania and an interest in an O&M business located in WA	n/a	

* Excluding BBI corporate overheads

** These assets were acquired by BBI in September 2007 and had no EBITDA contribution to BBI in FY07.

BBI is managed by Babcock & Brown Infrastructure Management Pty Limited (BBIM), a subsidiary of Babcock & Brown Limited (ASX: BNB), 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, particularly infrastructure investments.

BBI is listed on the Australian Stock Exchange and has a market capitalisation of approximately A\$3.5 billion.

For further information please visit our website: www.bbinfrastructure.com

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21 December 2007

Dear Securityholder

Babcock & Brown Infrastructure Security Purchase Plan

We are pleased to offer Babcock & Brown Infrastructure (“**BBI**”) Securityholders the opportunity to acquire additional BBI Stapled Securities (“**Stapled Securities**”) under a Security Purchase Plan (“**SPP**”).

The SPP will allow eligible Securityholders to acquire up to A\$5,000 worth of new Stapled Securities at a 5% discount to the volume weighted average price of Stapled Securities over the ten ASX trading days up to and including 8 February 2008. The current price of Stapled Securities can be obtained from ASX Limited (**ASX**) and is listed in the financial or business section of major daily newspapers circulating in Australia.

BBI will use the proceeds of the SPP to assist it in the funding for its participation in the acquisition of MidCon LLC which was announced on 12 December 2007 and which is expected to close in the first quarter of the 2008 calendar year, and for other near term investment opportunities that may arise. MidCon LLC is the 100% owner of the Natural Gas Pipeline Company of America.

Participation in this SPP is only open to registered Securityholders with a registered address in Australia and New Zealand at 7.00pm (Sydney time) on 12 December 2007. An offer under this SPP does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

Stapled Securities issued under the SPP will not qualify for the distribution for the six months to 31 December 2007. The Stapled Securities will otherwise rank equally with Stapled Securities already on issue and will qualify for any distribution payment made in respect of the six month period ending on 30 June 2008, as well as all future distributions.

Participation in the SPP is entirely optional. The SPP offer closes at 5.00pm (Sydney time) on 8 February 2008 (“**Closing Date**”), unless extended at the sole discretion of BBI. Your right to participate in the SPP is not transferable.

The Terms and Conditions of the SPP (“**SPP Terms and Conditions**”) are further elaborated on the reverse of the SPP Application Form enclosed with this letter. You should read the SPP Terms and Conditions carefully before you decide whether to participate in the SPP. SPP Terms defined in this letter have the same meaning in the SPP Application Form and the SPP Terms and Conditions.

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WHAT YOU SHOULD DO NOW TO PARTICPATE IN THE SPP

- Carefully read the SPP Terms and Conditions including on the reverse of the enclosed SPP Application Form.
- To apply for a parcel of Stapled Securities, please follow the instructions on the enclosed SPP Application Form.

Please make sure you send your SPP Application Form and payment allowing enough time for mail delivery, so Link Market Services Limited receives them on or before 5:00pm (Sydney time) on 8 February 2008. SPP Application Forms and payments received after that date may not be processed.

You will not be able to withdraw or revoke your application once it has been received.

If you have any questions in relation to the SPP, please contact BBI's security registry:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

BBI information line (within Australia): 1800 883 072

BBI information line (outside Australia): + 61 2 8280 7183

On behalf of the Directors of BBI, I invite you to consider this opportunity to increase your investment in BBI.

Yours sincerely



Phillip Green
Chairman
Babcock & Brown Infrastructure Limited and Babcock & Brown Investor Services Limited

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Allotment Date: 19 February 2008
Record Date: 12 December 2007

SRN/HIN:

Offer Closes
5:00pm (Sydney Time): 8 February 2008

SECURITY PURCHASE PLAN ("SPP") APPLICATION FORM

This is an offer to eligible Securityholders of Babcock & Brown Infrastructure, to subscribe for additional stapled securities in BBI ("Stapled Securities") under the Terms and Conditions of the SPP.

By completing this Application Form and forwarding it with your payment, you (a) acknowledge that you have read and understood the Terms and Conditions of the SPP and agree to be bound by the constitutions of BBI ("Constitution"), (b) apply to subscribe for Stapled Securities in accordance with the Terms and Conditions of the SPP, (c) certify that the aggregate application amount of Stapled Securities which you have applied for under this SPP (including through joint and beneficial holdings), even if you received more than one offer under this SPP, does not exceed A\$5,000, (d) acknowledge that none of BBI, its advisers and agents has (i) provided you with any financial product or investment advice and (ii) any obligation to provide such advice, and (e) acknowledge that the information on the SPP has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Please note:

- The Terms and Conditions of the SPP, including on the reverse of this form, should be read carefully.
- Payments may only be made by BPAY, cheque or money order in Australian dollars and drawn on an Australian branch of a financial institution. Cash payments will not be accepted.
- Payment by BPAY or receipt by BBI of this form duly completed, together with the full subscription amount, will constitute acceptance in accordance with the Terms and Conditions of the SPP and the Constitution of BBI by the Securityholder named on this form. BBI may reject an acceptance of this offer, at its absolute discretion, if payment is not received in accordance with this offer, is incomplete or if the exact amount applied for is not tendered.

Accepting this offer using BPAY®

- To pay via BPAY refer to the Biller Code and Reference Number below, and contact your participating financial institution.
- You are not required to return this form.

Accepting this offer by cheque or money order

- Cheques or money orders are to be made payable to: 'Babcock & Brown Infrastructure – SPP Account' and crossed Not Negotiable.
- The completed Application Form should be torn off below and forwarded with your payment to reach BBI's registry by **5:00pm (Sydney Time) on 8 February 2008**. Please allow sufficient time for collection and delivery by postal services as the postal acceptance rule does not apply.
- If located within Australia please forward your Application slip, along with payment, in the reply paid envelope provided. New Zealand Securityholders must forward it to the postal address set-out below. As per the details over the page, Securityholders outside of Australia and New Zealand are not eligible to participate.
- Your form cannot be faxed to BBI's registry as payment must be attached to your Application slip.

Mailing Address: Babcock & Brown Infrastructure C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, Australia

Hand Delivery Address: Babcock & Brown Infrastructure C/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000 *(Please do not use this address for express post mailing)*

This offer is non-renounceable – No Signature is required

If you require further information on how to complete this Application Form please contact Link Market Services Limited on 1800 883 072 within Australia, or +61 2 8280 7183

Please detach this tear-off slip and return with your cheque or money order



Biller Code: 363549

Ref:

Telephone & Internet Banking – BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au

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I/We wish to purchase Stapled Securities with an aggregate subscription price of (tick one box only):

A\$1,000 OR
 A\$2,000 OR
 A\$3,000 OR
 A\$4,000 OR
 A\$5,000

Payment Details (if paying by cheque or money order):

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input style="width: 90%;" type="text"/>	A\$ <input style="width: 80%;" type="text"/>			

Make your cheque or money order payable to "Babcock & Brown Infrastructure – SPP Account"

(must correspond with amount ticked above)

Contact Details: Telephone Number – Business Hours

Contact Name (PRINT)

TERMS AND CONDITIONS OF SPP

Participation

All persons registered as holders of Stapled Securities at 7:00pm (Sydney time) on the Record Date of 12 December 2007, whose address in BBI's register is in Australia or New Zealand, may participate in the SPP. BBI has determined that it is not lawful or practical for Securityholders in other jurisdictions to participate in the SPP. Participation is optional and is subject to these terms and conditions.

If two or more persons are registered as jointly holding Stapled Securities, they are taken to be a single registered holder for the purpose of determining whether they may participate in this SPP and the acknowledgements taken to be given by an applicant under these terms and conditions are taken to be given by each of them.

Eligible Securityholders who receive more than one offer under this SPP may apply on different application forms for more than one parcel of Stapled Securities, but may not apply under this SPP for Stapled Securities with an aggregate value of more than A\$5,000. **Note that the maximum aggregate value of A\$5,000 will apply even if a securityholder received more than one offer (whether in respect of a joint holding or because the Securityholder has more than one holding under separate Stapled Security accounts).** BBI reserves the right to reject any Application where this rule has not been complied with.

Where a trustee or nominee is a registered holder of Stapled Securities and is expressly noted on the Securityholder register as holding Stapled Securities on account of a named beneficiary, for the purpose of this SPP, the named beneficiary will be taken to be the registered holder of Stapled Securities. An application for Stapled Securities, certification or issue of Stapled Securities to the trustee or nominee will be taken to be an application or certification by, or an issue to, the named beneficiary.

Where a trustee or nominee is a registered holder of Stapled Securities but is not expressly noted on the register as holding Stapled Securities on account of a beneficiary, the trustee or nominee may only participate as a single registered holder of Stapled Securities.

Offers made under the SPP are not renounceable. This means that Securityholders cannot transfer their right to purchase Stapled Securities under this offer to another person.

Applications under this SPP may only be made in increments specified on the Application Form. If the exact application amount of money is not tendered, BBI reserves the right to return to the Securityholder their Application Form and their application money.

Any interest earned on application funds will be retained by BBI.

Pricing and Number of Stapled Securities

BBI has determined that the subscription price per Stapled Security issued under this offer will be set at a discount of 5% to the average of the daily volume weighted average price of Stapled Securities (rounded to the nearest full cent) over the ten ASX trading days up to and including 8 February 2008 (excluding "special crossings", "crossings" outside normal trading hours and transactions related to the exercise of any options). An application under this SPP is for a specified value, rather than a specified number, of Stapled Securities. The number of Stapled Securities issued to an applicant will be determined by dividing the value of the Stapled Securities applied for by the subscription price. **If this calculation provides a fractional number, the number of Stapled Securities allotted will be rounded up to the nearest whole Stapled Security.** The market price of Stapled Securities may rise or fall between the date of this offer and the date that the Stapled Securities are allotted to you. This means that the subscription price you pay for the Stapled Securities may exceed the market price of the Stapled Securities at the date of allotment of the Stapled Securities under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of Stapled Securities prior to accepting this offer.

Allotment of Stapled Securities

Stapled Securities to be allotted under the SPP will be allotted on the Allotment Date which is anticipated to be 19 February 2008. Each Stapled Security issued under this SPP will be a fully paid Stapled Security, will rank equally with all other Stapled Securities on issue and is subject to the Constitution of BBI.

BBI will, promptly after allotment of Stapled Securities under this SPP, make application for the Stapled Securities to be quoted on ASX.

Costs of Participation

No brokerage, commissions or other transaction costs will be payable by participants in respect of the application for, and allotment of, Stapled Securities under the SPP.

Dispute Resolution

BBI may settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant, or application, or Stapled Securities and the decision of BBI shall be conclusive and binding on all participants and other persons to whom the determination relates.

BBI reserves the right to waive strict compliance with any provision of these terms and conditions. BBI also reserves the right to withdraw the offer, suspend or terminate the SPP at any time and vary the date the offer closes, the date Stapled Securities are allotted and the date holding statements are dispatched to Securityholders. Any variation of dates will be notified to ASX. The powers of BBI under these conditions may be exercised by the Directors or any delegate of the Directors.

If you have any queries concerning the offer please contact BBI's registry on 1800 883 072 or +61 2 8280 7183 for overseas callers.

Payment and Lodgement Details

Payment may only be made by BPAY, cheque or money order.

Cheques or money orders must be made payable to "Babcock & Brown Infrastructure – SPP Account." To pay via BPAY please contact your participating financial institution.

Completed cheques and Application slips should be returned using the reply-paid envelope provided. Alternatively, please mail or deliver to the address below. If paying by BPAY, you do not need to return the Application Form.

Mailing Address: Babcock & Brown Infrastructure C/- Link Market Services Limited, Locked Bag A14, Sydney South, NSW 1235, Australia

Hand Delivery Address: Babcock & Brown Infrastructure C/- Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000 **(Please do not use this address for express post mailing)**

Please ensure you allow enough time for mail delivery of your completed slip and payment to be received by Link Market Services Limited on or before 5:00pm (Sydney Time) on 8 February 2008.

Privacy Clause: Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a securityholder (including your name, address and details of the Stapled Securities you hold) to be included in the public register of the entity in which you hold Stapled Securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold Stapled Securities. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website (www.linkmarketservices.com.au).

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4 January 2008

Dear Securityholder

Babcock & Brown Infrastructure reinstatement of the Distribution Reinvestment Plan ("DRP")

On 12 December 2007, BBI announced that its DRP which was suspended in June 2007 will be reinstated for the distribution for the six month period to 31 December 2007 and for all subsequent distributions until further notice.

Stapled Securities issued under the DRP for the distribution for the six month period to 31 December 2007 will be issued at a discount of 2.5% to the weighted average price for Stapled Securities sold on ASX over the 10 trading days ending on the trading day which is 3 trading days before the date that Stapled Securities are to be allotted under the DRP.

The Stapled Securities issued under the DRP are expected to be issued on or about Friday, 29 February 2008.

Enclosed with this letter is a form to be completed and returned to BBI's security registry if you want to change your previous election in relation to the DRP or if you want to elect to participate in the DRP for the first time ("**DRP Notice**").

Copies of the terms and conditions of the DRP ("**DRP Terms and Conditions**") can be obtained from BBI's website at www.bbiinfrastructure.com.

The record date for participation in the DRP for the distribution for the six month period to 31 December 2007 is Friday, 8 February 2008. To participate in the DRP for the distribution for the six month period to 31 December 2007, notices in relation to the DRP must be received by BBI's security registry by 5.00pm (Sydney time) on Friday, 8 February 2008.

If Securityholders have previously notified BBI's security registry of their election to participate in the DRP and do not wish to change their election, no further notice is required and those Securityholders will continue to participate in the DRP as specified in their previous election.

The information provided in this letter and in the DRP Terms and Conditions is not financial product advice or investment advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Securityholders should obtain their own independent financial and taxation advice before making a decision whether to participate in the DRP.

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WHAT YOU SHOULD DO NOW TO PARTICIPATE IN THE DRP

- Carefully read the DRP Terms and Conditions which can be obtained from BBI's website at www.bbiinfrastructure.com.
- To elect to participate in the DRP for the distribution for the six month period to 31 December 2007 or to change your previous election in relation to the DRP, please make sure you send your DRP Notice allowing enough time for mail delivery, so Link Market Services Limited receives them on or before 5:00pm (Sydney time) on Friday, 8 February 2008. DRP Notices received after this time may not be processed.

If you have any questions in relation to the DRP, please contact BBI's security registry:

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

BBI information line (within Australia): 1800 883 072

BBI information line (outside Australia): + 61 2 8280 7183

On behalf of the Directors of BBI, I invite you to consider this opportunity to participate in the DRP.

Yours sincerely



Phillip Green
Chairman
Babcock & Brown Infrastructure Limited and Babcock & Brown Investor Services Limited
(Responsible Entity for the Babcock & Brown Infrastructure Trust)

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