

UPDATE TO ALL CREDITORS AND NOTEHOLDERS

23 August 2012

BABCOCK & BROWN LIMITED ACN 108 614 955 (IN LIQUIDATION) (“BBL”)

I refer to my appointment as Liquidator of BBL and to my correspondence, dated 26 June 2012 (copy located on our website).

INTENTION TO DECLARE DIVIDEND DELAYED

To date I have received a large number of complicated unsecured creditor claims which have required detailed examination and in many cases legal consultation. In many instances I have been required to request further verification and supporting information in order to adjudicate these claims. I have subsequently received requests from a significant portion of those creditors, and in some instances their legal representatives, requesting that I grant an extension of time to provide that information.

The Liquidator has a duty to provide full and proper consideration of all claims received. In light of this duty, the nature of the claims and additional information required from claimants, I have agreed to grant an extension. The result of this extension is that the intended dividend declaration date of 24 August 2012 will be delayed until further notice.

Please note that I will continue to adjudicate proofs of debts received to date and all claimants will receive formal notice of my decision regarding their claim as soon as practicable.

INFORMATION FOR SUBORDINATED NOTEHOLDERS

As previously advised claims in relation to Babcock and Brown Subordinated Notes (“Noteholder Claims”) are subordinated to unsecured claims and will be dealt with separately once the unsecured claims have been determined and paid. No further action is required by noteholders in relation to Noteholder Claims, at this stage.

I will update our website with further information once the dividend process is recommenced.

Should you have any queries regarding the above, please contact **Manit Oberoi** of this office on +612 9322 5266 or maoberoi@deloitte.com.au

Yours faithfully



David J F Lombe
Liquidator