

BABCOCK & BROWN POWER

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ASX Release

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NEERABUP POWER STATION REACHES FINANCIAL CLOSE

Babcock & Brown Power (ASX:BBP) is pleased to announce Financial Close of the 330MW Neerabup Power Station ("Neerabup") located 50 kilometres north of Perth, WA. Once operational, Neerabup is expected to exceed BBP's investment criteria in terms of value and yield accretion and will provide increased exposure to the fast growing WA market.

Neerabup will comprise of 2 x 165MW Siemens open cycle gas turbine units and has been co-developed by Babcock & Brown (ASX:BNB) and ERM Power. Construction is expected to commence immediately.

Neerabup is being constructed at a total cost of approximately \$425 million, including \$65 million of pipeline costs, with major contractors being Bilfinger-Berger (civil works) and supply of power plant by Siemens. BBP holds 50% of the interest in the partnership which owns the project with ERM holding the remaining 50%. BBP's investment in the project will be fully funded by limited recourse debt with no equity required to be invested until commissioning which is scheduled to occur in late CY2009.

Operating as a peaking plant Neerabup has signed a 20 year off-take agreement with Synergy which provides a secure cashflow to the project. Long-term contractual arrangements for supply of gas are in place to meet the projects off-take commitments such that the project has no material gas price exposure.

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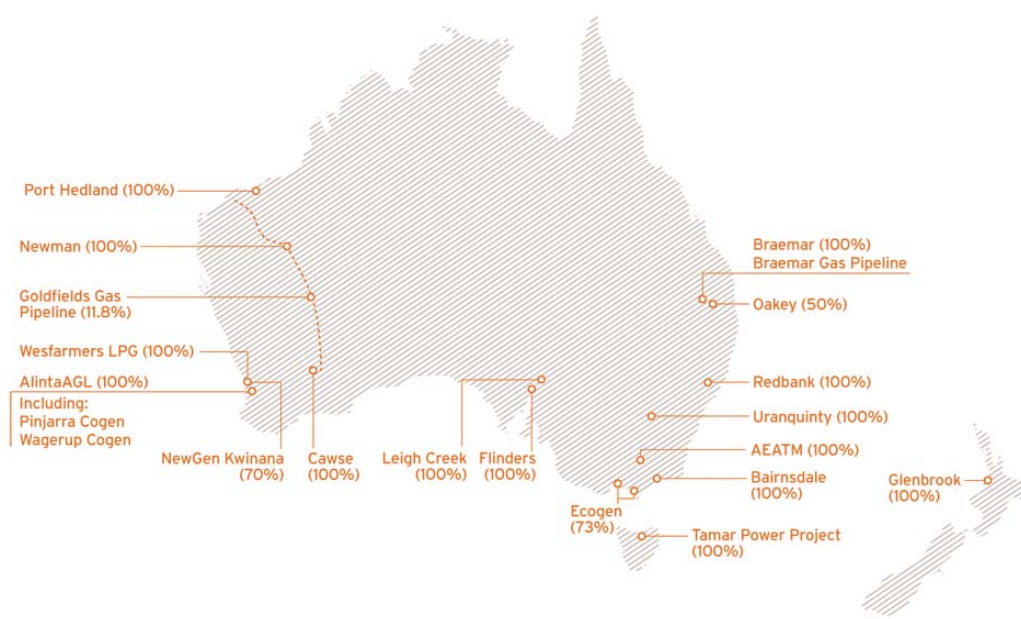
About Babcock & Brown Power

BABCOCK & BROWN POWER

Babcock & Brown Power (ASX:BBP) is a power generation business, with assets diversified by geographic location, fuel source, customers, contract types and operating mode. Its aim is to grow returns to its securityholders through optimisation of its existing power generation business and the addition of further generation assets and associated businesses via a combination of new construction and strategic acquisitions.

The portfolio has interests in fourteen operating power stations representing approximately 3,800 MW¹ of installed generation capacity and four power stations under construction. BBP has interests in a number of other associated power assets including the WA retail assets of AlintaAGL. Babcock & Brown has been developing, operating and acquiring the generation portfolio over a period of 10 years.

Portfolio Summary



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

¹ Some assets have minority shareholders.