

BABCOCK & BROWN CAPITAL LIMITED

Babcock & Brown Capital Limited · ABN 31 112 119 203 · www.babcockbrowncapital.com
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia · T +61 2 9229 1800 · F +61 2 9231 5619
Level 51 South Tower · 525 Collins Street · Melbourne VIC 3000 Australia · T +61 3 9627 2800 · F +61 3 9629 8040



ASX Release

19 June 2007

BABCOCK & BROWN CAPITAL – INVESTOR UPDATE

Please find attached an investor update presentation to be made at a series of briefings on 20 and 21 June 2007.

ENDS

Further Information:

Erica Borgelt
Investor Relations
Babcock & Brown
+61 2 9229 1800

About Babcock & Brown Capital Limited

Babcock & Brown Capital is an Australian-based investment company that focuses on a concentrated portfolio with a flexible investment horizon. The Company's mandate allows it to build positions in domestic and overseas companies and both listed and private entities. Babcock & Brown Capital concentrates on growing the value of its investments over time. Investments are held while they continue to meet the Company's investment objectives. Babcock & Brown Capital listed on the Australian Stock Exchange in February 2005.

BCM holds a 57.1% interest in eircom representing an investment of approximately \$448 million. Associates of Babcock & Brown hold an additional 7.9% and existing and former employees will hold the remaining 35% through their share ownership trust, the ESOT.

eircom owns Ireland's copper and fibre backbone telecommunications network. It is the dominant provider of fixed line wholesale and retail telecommunication services in Ireland and has 73% market share in the fast growing DSL market. eircom's mobile business has grown rapidly to a 17.4% share of the mobile market.

For further information please see our website: www.babcockbrowncapital.com

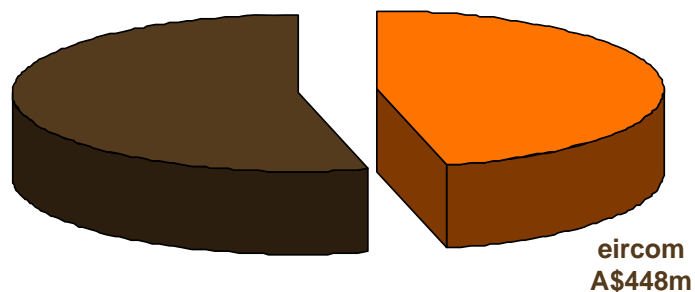
Babcock & Brown Capital Investor Update **June 2007**

BCM SNAPSHOT

ASX Code	Babcock & Brown Capital Ltd: "BCM"
Market cap ¹	A\$1,040m (A\$5.20 share price)
ASX Indices inclusion	ASX 200
Balance date	30 June
Further information	www.babcockbrowncapital.com Deborah Kelly +61 2 9229 1800

Current Portfolio¹

Cash & marketable securities
~A\$600m



¹ As at 18 June 07

Investment Philosophy

- An Australian-based **listed private equity company**
- BCM's primary goal is to achieve **strong risk-adjusted returns** over the medium-term
- Taking positions **globally** in listed and private entities
- Building a **concentrated portfolio** of investments with **predictable cash flows**
- Pursuing **active investment management**

*Increasing equity value
emerging over time*

eircom

eircom UPDATE

- Irish elections
 - Coalition Government with Fianna Fáil, Progressive Democrats and Green Party supported by number of Independents
- S&P Debt upgrade
 - S&P raised its issue rating on BCM Ireland Holdings Ltd.'s €3.3bn senior secured facilities to 'BB' from 'B+', two notches above the corporate credit rating. At the same time, the recovery rating has been revised to '1' from '2', indicating an expectation of very high (90%-100%) recovery for senior secured lenders in the event of a payment default.
 - The recovery rating on BCM Ireland Finance Ltd's €350m second-lien loan has been revised to '6' from '5', indicating an expectation of negligible (0%-10%) recovery for lenders in the event of a payment default. At the same time, the 'B-' issue rating has been affirmed.
 - The above are calculated after deducting the costs of enforcement. This does not take into account potential debt repayments through the cash sweep or disposals.
- Successful debt repricing representing interest payment saving for BCMIH of ~€16m a year

eircom – INVESTMENT SCORECARD TO MARCH 07

Fixed Line

Maintain fixed line EBITDA at ~€150m per qtr, ~€600m p.a.



Actual EBITDA qtr ended:

- Sept 06 – €157m
- Dec 06 – €143m¹
- Mar 07 - €145m¹

Mobile

Attain historical European average 3rd-player market share of ~20%



Actual subscriber market share qtr ended*:

- Sept 06 – 16.5%
- Dec 06 – 17.1%
- Mar 07 – 17.4%

Attain historical European average 3rd-player EBITDA margin of ~30%



Actual EBITDA margin % qtr ended:

- Sept 06 – 13%
- Dec 06 – 14%
- Mar 07 – 18%

In a growth phase, more EBITDA is spent on customer acquisition than in a mature market.

EBITDA margins also improve with scale

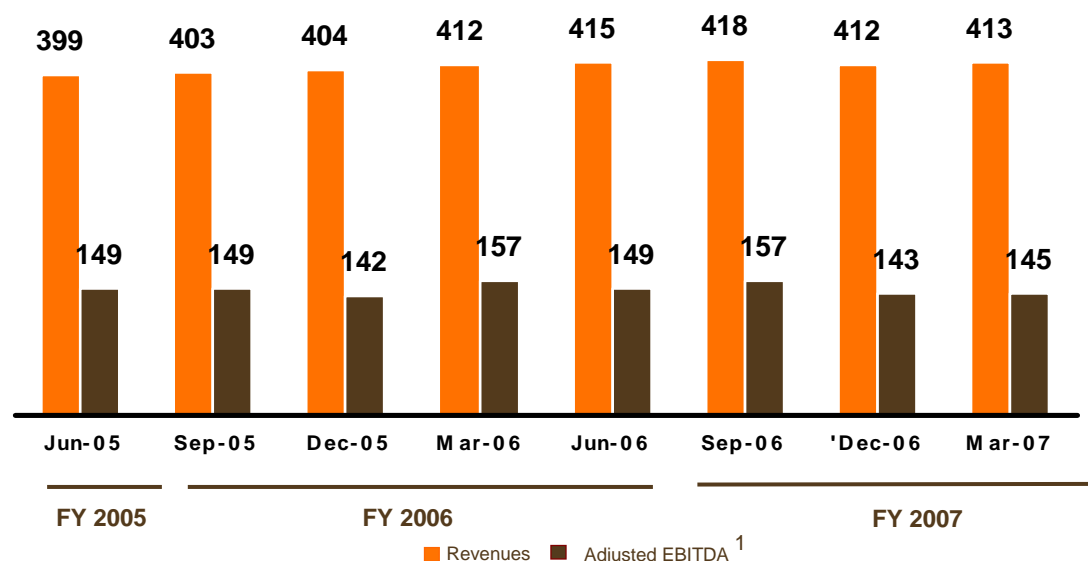
* ComReg Quarterly reports and company estimates

¹ Severe weather resulted in abnormal maintenance and repair expenditure

eircom MARCH 07 QUARTER UPDATE

Fixed

- Revenue flat over same period last year
- 4% increase year-on-year (“yoy”) in the number of new fixed lines (excluding DSL)
- 81% increase yoy in the number of broadband customers from 230,000 to 417,000
- €145m EBITDA, 8% reduction yoy due to adverse impact of repair costs of winter storms
- Winback campaign has resulted in 71.5% of churned customers rejoining the network in the year to March 2007



Quarterly revenue and Adjusted EBITDA¹ (Jun-05 to Mar-07)

Source: eircom annual and interim reports

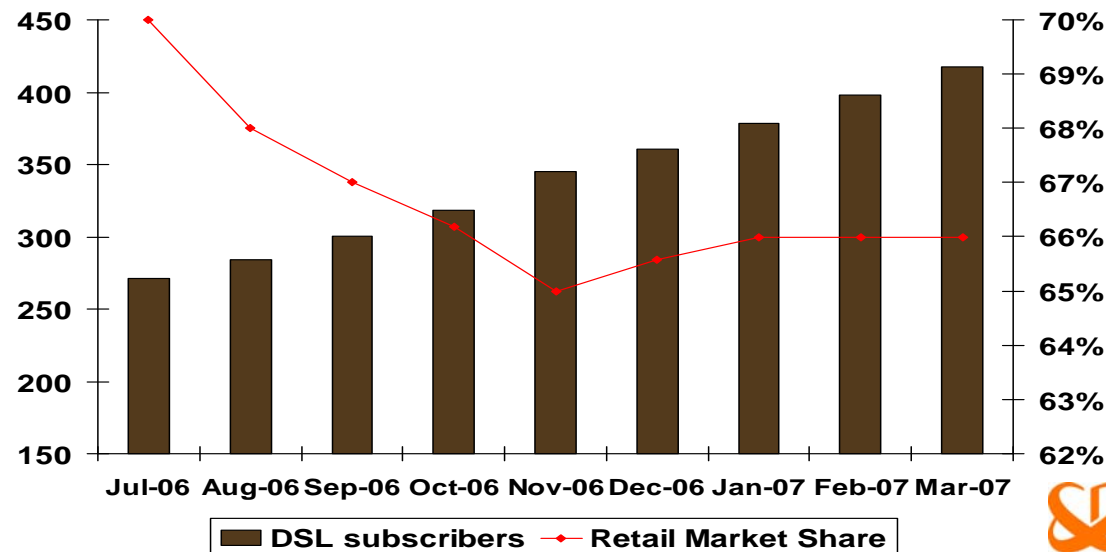
¹ EBITDA before restructuring costs, transaction costs, non-cash pension charge/credit and profit on disposal of property and investments

eircom MARCH 07 QUARTER UPDATE cont

Broadband initiatives

- Additional €30m to enable a further 319 communities around Ireland (140k potential customers)
- 57k net DSL customer adds in the March quarter, resulting in 417k total subscribers at 31 Mar 07, a 16% increase from 31 Dec 06
- eircom estimates the current broadband penetration rate in Ireland by population to be 14%, just short of the European average of 15.9%. Current broadband penetration by household in Ireland is 40%¹
- Exclusive broadband content agreement with Setanta Sports

¹ CSO statistics published March 2007



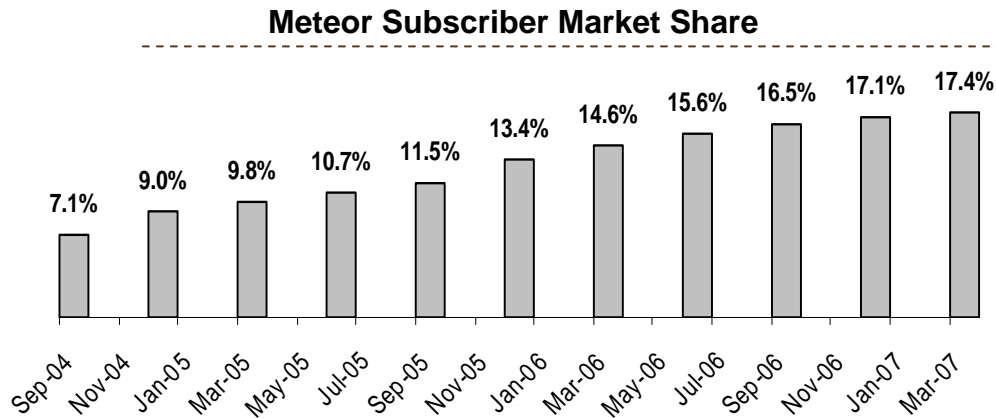
eircom MARCH 07 QUARTER UPDATE cont

Mobile

- Increase in market share to 17.4% from 14.6% in March 06 and 17.1% in December 06¹
- Revenue of €97m up from €64m year on year
- EBITDA of €16m up from €4m year on year²
- Remains one of Europe's fastest growing mobile operators

¹ ComReg quarterly reports and company estimates

² Includes management incentive fee costs



Average historical 3rd operator volume market share in Europe is ~20%

Meteor Subscriber Market Share

Key market share drivers

- Value positioning
- Strong distribution
- Effective marketing

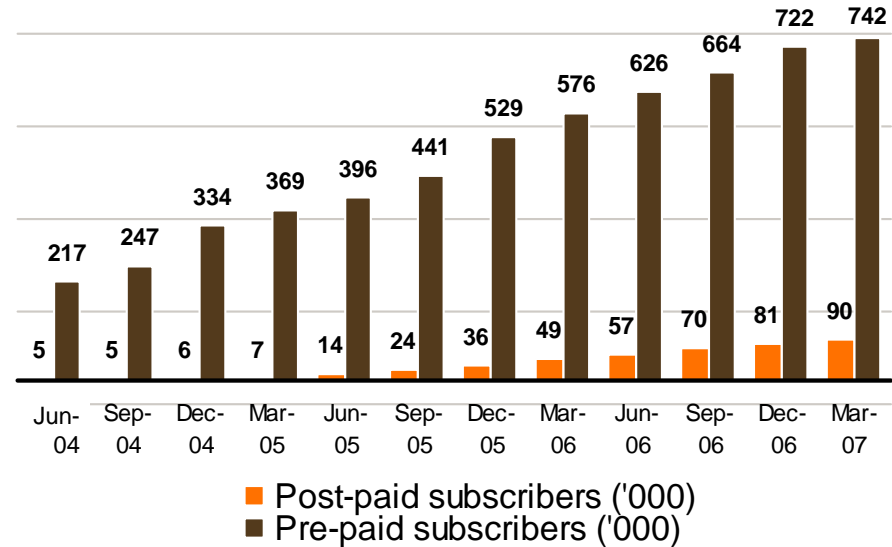
Source: ComReg and company estimates for market share, JPMorgan for average 3rd operator market share

eircom MARCH 07 QUARTER UPDATE cont

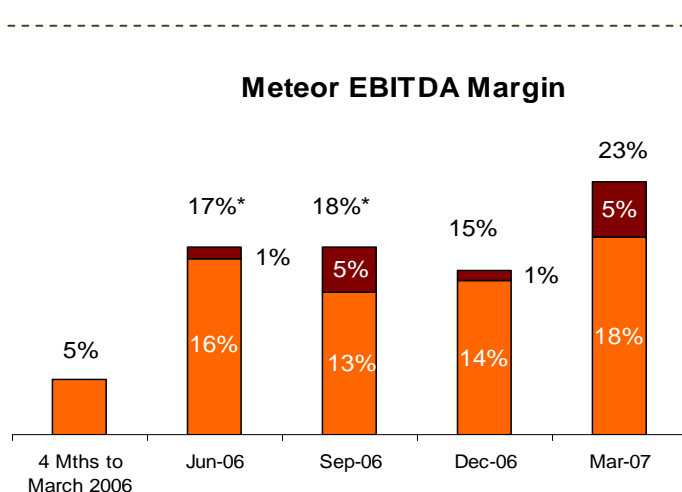
Mobile cont

- EBITDA margin for the Mar 07 quarter¹ of 18% up from 14% in the Dec 06 quarter and 13% in the Sep 06 quarter
- 33% increase in the number of net subscribers from 625,000 to 832,000 yoy
 - 89% pre-pay/ 11% post-pay
- Blended ARPU of €39.44

¹ Includes management incentive fee costs



Source: eircom management results



Meteor EBITDA Margin

Average historical 3rd operator EBITDA margin in Europe is ~30%

Key EBITDA drivers

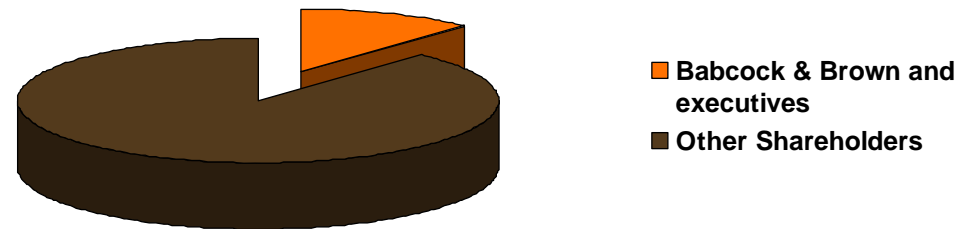
- Increased net subscriber base
- Scale effect increasingly having an impact

Source: eircom management results, JPMorgan for average 3rd operator market share
* incentive fee costs are highlighted separately

BCM

BCM UPDATE

- Alignment of shareholder interests
 - Rob Topfer: 3.7m shares (1.9%) and recently acquired \$6.50 options giving entitlements to 2m shares
 - Phil Green and Jim Babcock: 1.6m shares (0.8%) each
 - Babcock & Brown: 14.4m shares (7.23%)



- The result for the BCM Group for the year to June 07 is expected to be in an **NPAT range of A\$20m – A\$30m**
 - Non-eircom activities: \$20m - \$25m of the result is expected to be generated by investment income earned on BCM's cash and marketable securities after management fees
 - eircom: post a number of non-cash accounting adjustments forecast to contribute \$0m - \$5m to the BCM Group result

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