

Babcock & Brown Capital Investment Review & Half Year Results to 31 December 2007

28 February 2008

CONTENTS

1. Highlights
2. HY08 Financial Results
3. Investment Review
4. Investments
 - eircom
 - Golden Pages
 - Cash Resources
5. Appendix

HIGHLIGHTS – INVESTMENT REVIEW

The Board believes that BCM shares are trading at a material discount to their intrinsic value and, at current prices, the most attractive investment BCM can make is to buy back its own shares

Capital Management Program

- BCM has existing cash of approximately A\$460 million
- The Board believes that the best use of BCM's surplus cash is to continue its aggressive capital management program over a period of 12 months
 - A reserve of up to \$150 million will be retained to support and follow current investments
 - The remaining balance of \$310+ million will be available for the capital management program

GM

- BCM will call a General Meeting (GM) in the near future to authorise the Company to pursue the capital management program
 - Buy-back up to 50% of BCM's capital
 - Both on-market and off-market

Future Strategy

- The Board's future strategy is:
 - Once current investments are realised BCM will outline a strategic plan for the future of the Company and consult with shareholders in relation to that plan
 - No new acquisitions until that process has been completed
- The Board remains committed to maximising value from eircom and Golden Pages but there is no current plan or specific timeframe for exit

HIGHLIGHTS – 6 MONTHS TO 31 DECEMBER 2007

- Consolidated Profit of A\$93 million
- Strong earnings growth
 - BCM consolidated EBITDA of A\$793 million up 87% on previous corresponding period (pcp)
 - eircom EBITDA¹ up 8% to €354 million pcp (excluding €78 million profit from the sale of the masts) due to growth in Meteor mobile and continued strength in the fixed line business
 - Golden Pages achieved EBITDA of NIS89.9 million for the 12 months to 31 December 2007, an increase of 23% pcp²
 - Group EPS of 46.4 cents per share, an increase exceeding 100% pcp
 - NAV of A\$5.19 per share vs. A\$4.66 at 30 June 2007
- Very secure debt positions - all non-recourse to BCM with less than 10% due for repayment before 2011
 - eircom
 - 8-year weighted average debt term with hedging in place for over ~ 80% of total cash-pay debt
 - €342 million cash balance with ~€100 million revolving credit facility currently available
 - Golden Pages
 - NIS400 million³ refinance completed – includes NIS150 million new working capital and acquisition facility
 - 7-year weighted average debt term
- BCM cash resources
 - A\$445 million at 31 December 2007
 - Allowing for on-market buy-back to date and Golden Pages refinancing, current cash of approximately A\$460 million

1 Pre: MAST sale (€78 million; Dec 06 - nil), management fee (€5 million, Dec 06 - €4 million), Dec 06 €3 million), restructuring costs (nil; Dec 06 - €10 million), fair value adjustment (€3 million, Dec 06 - €2 million) and construction income (€22 million, Dec 06 - €1 million)

3 2 2006 EBITDA excludes Dun & Bradstreet, Michatnim and Weekend which were acquired during 2007 period

3 NIS = New Israeli Shekel. AUD:NIS 3.45

CONTENTS

1. Highlights

2. HY08 Financial Results

3. Investment Review

4. Investments

- eircom
- Golden Pages
- Cash Resources

5. Appendix

HY08 BCM CONSOLIDATED FINANCIAL RESULTS

Consolidated Financial Performance	Half Year ended 31 Dec 07 A\$m	Half Year ended 31 Dec 06 A\$m ¹	% Change
Revenue	1,914.7	1,263.7	52
EBITDA			
eircom ¹	776.8	423.6	
Golden Pages ²	9.7	-	
Corporate	6.8	0.1	
	793.3	423.7	87
EBIT	467.0	177.6	NM
Net Finance Costs	(275.7)	(171.8)	60
Earnings before tax	191.3	5.8	NM
Income tax expense	(27.7)	(7.0)	NM
Profit/(Loss) from ordinary activities after tax	163.6	(1.2)	NM
(Profit)/Loss attributable to minority interests	(70.9)	1.0	NM
Profit/(loss) for the half-year attributable to BCM	92.7	(0.2)	NM
Earnings/(losses) per share	46.4 cents	(0.1) cents	NM

NM: Comparison to prior year period is not meaningful

¹ eircom consolidated from 18 August 2006 – 31 December 2006

² Golden Pages consolidated from 31 July 2007

HY08 CONSOLIDATED FINANCIALS - EIRCOM

eircom Consolidated Financial Performance HY08 EUR: AUD 0.616	HY08 eircom 100% €m	HY07 ¹ eircom 100% €m	HY08 BCM Interest 57.1% €m	HY07 ¹ BCM Interest 57.1% €m	HY08 BCM Interest 57.1% A\$m	HY07 ¹ BCM Interest 57.1% A\$m
Fixed Line revenue	817.8	595.9	466.9	340.2	758.0	571.1
Mobile revenue	216.3	138.2	123.5	78.9	200.5	132.4
Total Revenue	1,034.1	734.1	590.4	419.1	958.5	703.5
Operating Cost (before restructuring costs)	(680.0)	(484.4)	(388.3)	(276.5)	(630.3)	(464.2)
EBITDA²	354.1	249.7	202.1	142.6	328.2	239.3
Other income/(expense)	44.0	(11.0)	25.2	(6.3)	41.1	(10.5)
Adjusted EBITDA	398.1	238.7	227.3	136.3	369.3	228.8
Depreciation & Amortisation – eircom	(198.4)	(146.8)	(113.3)	(83.8)	(183.9)	(140.7)
EBIT	199.7	91.9	114.0	52.5	185.4	88.1
Net finance costs	(138.0)	(83.5)	(78.8)	(47.7)	(127.9)	(80.1)
PIK finance costs	(26.9)	(4.5)	(15.4)	(2.6)	(25.0)	(4.3)
Operating profit/(loss) before tax	34.8	3.9	19.8	2.2	32.5	3.7
Income tax expense	(15.5)	(5.3)	(8.8)	(3.0)	(14.3)	(5.1)
Net profit/(loss) after tax	19.3	(1.4)	11.0	(0.8)	18.2	(1.4)
eircom Masts sale (Dec 07) recognition	78.3	-	44.7	-	74.2	-
Net profit/(loss) after tax, including masts (Dec 07)	97.6	(1.4)	55.7	(0.8)	92.4	(1.4)

1 Period 18 August 2006 – 31 December 2006

2 eircom EBITDA for the period was €354m, compared to €346m in BCM Ireland Finance Limited's ("BCMIF") accounts produced for bondholders. The differences of €8.1m consists of; fair value adjustments excluded by BCM (€3.2m), intercompany management fee excluded by BCM (€4.9m). The respective prior year figures were; BCM's eircom EBITDA of €328m compared to BCMIF's Dec 2006 EBITDA figure of €322m, with adjustments being fair value adjustments excluded by BCM (€2m), intercompany management fee excluded by BCM (€4m).

HY08 CONSOLIDATED FINANCIALS – GOLDEN PAGES

Golden Pages				
Consolidated Financial Performance	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
YTD (12 months)	NIS'm	NIS'm	A\$m	A\$m
AUD:NIS 3.45				
Net Revenue				
Print	181.7	179.0	52.6	52.0
Online	41.3	29.1	12.0	8.4
Local Search & Information Businesses	86.0	18.1	25.0	5.3
Consolidated Net Revenue	309.0	226.2	89.6	65.7
EBITDA (pre transaction costs)				
Print	59.0	62.3	17.1	18.1
Online	6.2	3.0	1.8	0.9
Local Search & Information Businesses	24.7	8.2	7.2	2.4
Consolidated EBITDA (pre transaction costs)	89.9	73.5	26.1	21.4

Golden Pages was purchased on 31 July 2007

Dun & Bradstreet, Michatnim and Weekend which were purchased during the 2007 period

HY08 BCM CONSOLIDATED BALANCE SHEET

Babcock & Brown Capital Group Position	At 31 Dec 07 A\$m	At 30 Jun 07 A\$m
Cash – Investment level (eircom & GP)	588.3	266.3
Cash – BCM level	430.2	577.3
Receivables	865.7	652.0
Property, Plant & Equipment	3,615.4	3,472.0
Intangible assets	5,494.0	5,045.4
Other assets (including deferred tax assets)	353.2	410.7
Total Assets	11,346.8	10,423.7
Payable and accruals	1,363.9	1,204.1
Provisions	549.1	572.6
Borrowings	7,338.1	6,802.7
Other liabilities	745.7	676.2
Total Liabilities	9,996.8	9,255.6
Net Assets	1,350.0	1,168.1
Minority Interests	313.1	235.8
Net Assets attributable to BCM members	1,036.9	932.3
Net Asset Value	\$5.19	\$4.66

EUR:AUD 0.5972

HY08 FINANCIAL RESULTS COMMENTARY

eircom Operations	<ul style="list-style-type: none"> • Continues to perform strongly • eircom EBITDA¹ up 8% on prior year • Fixed line met EBITDA target of €150 million per quarter, even after charging operating costs relating to the MAST business • Meteor continues to exceed expectations achieving EBITDA of €55 million (an increase of 90% on pcp) and EBITDA margin of 23% (up from 14% on pcp) and is well on track to achieving market share target of 20% and EBITDA target of 30% • Profit on sale of mast portfolio of €78 million (A\$131 million)
Golden Pages Operations	<ul style="list-style-type: none"> • Performance in line with expectations • Achieved EBITDA for full 12 months of NIS90 million (23% increase on pcp)
Corporate	<ul style="list-style-type: none"> • Investment and other income (including interest) of A\$20 million • A\$445 million available in unallocated cash and marketable securities at 31 December 2007 • Currently approximately A\$460 million of available cash
BCM Consolidated Financial Position	<ul style="list-style-type: none"> • NAV per share at 31 December 2007 was A\$5.19 (June 2007 – A\$4.66)

¹ Pre MAST sale, management fee, management incentive costs, restructuring costs and construction income

CONTENTS

1. Highlights
2. HY07 Financial Results
3. Investment Review
4. Investments
 - eircom
 - Golden Pages
 - Cash Resources
5. Appendix

INVESTMENT REVIEW BACKGROUND

- Since mid 2007 the Directors have been considering strategies to reduce the discount between BCM's share price and the value of underlying investments
- In August 2007, BCM announced the commencement of a buy-back plan for up to 5% of its issued capital
- On 5 December 2007, BCM undertook to conduct a review of its investments including:
 - Its operations;
 - Value crystallisation triggers; and
 - Potential for returns to shareholders
- BCM also undertook to provide additional disclosures on its fee arrangements with Babcock & Brown. An announcement to this effect was made on 16 January 2008.
- BCM Board retained independent advisers, UBS, to assist in the conduct of this review
- Details of the operations of eircom and Golden Pages are provided in the Investments section of this presentation
- Further details of value crystallisation triggers, returns to shareholders and fees are contained in this section

VALUE CRYSTALISATION TRIGGERS

eircom

- eircom has been a very successful investment for BCM and continues to exceed our expectations
- The eircom debt package is non-recourse to BCM and very attractive in terms of quantum, pricing, term and amortisation
- The fixed line business remains very resilient and is a highly cash generative business
- The combination of high cash generation and eircom's debt package mean the value of equity is optimised over a medium term investment horizon
- The mobile business has been growing at an EBITDA CAGR of 98% and is expected to maximise EBITDA over the medium-term
- Discussions have commenced with the Irish Government and the Regulator on the build-out of fibre (NGN), required regulatory changes and separation, with the view to achieving a mutually value enhancing outcome

VALUE CRYSTALISATION TRIGGERS

Golden Pages

- Golden Pages was acquired in August 2007 and has to date performed in line with our expectations
- GP has recently completed a refinancing which provides
 - it with a new NIS150 million working capital and acquisition facility
 - BCM with a return of capital of NIS150 million (~A\$43 million)
- GP has grown rapidly over recent years through complementary value-enhancing acquisitions
- Further value can be created through
 - Cost and revenue synergies from past acquisitions which continue to operate as separate entities
 - Further acquisitions of on-line businesses in complementary advertising spaces at value enhancing multiples
 - Growing existing on-line business while protecting print revenue
- Recent transaction multiples (Greece and New Zealand) indicate there is significant value upside in our GP investment

VALUE CRYSTALISATION TRIGGERS

Conclusion

- BCM believes that there is considerable medium term value and growth in both eircom and Golden Pages for all BCM shareholders
- BCM remains focussed on realising that value for shareholders
- No intention to make further acquisitions until investments realised and shareholders consulted

RETURNS TO SHAREHOLDERS

Capital Management

- At 28 February 2008, BCM has
 - Approximately A\$460 million in available cash post the recently announced A\$43 million Golden Pages refinancing and spend on the current on-market buy-back
 - Completed 3.8% of the current 9.99% on-market buy-back at a cost of A\$29 million 7,564,052 shares at an average price of A\$3.90
- BCM Directors believe that
 - BCM shares are materially undervalued
 - Given current market uncertainty around new investments, BCM securities represent the most attractive investment available to BCM
 - A buy-back creates more value for BCM shareholders than a direct capital return
- BCM therefore intends to use its available cash resources to
 - Support its existing investments and take advantage of value enhancing bolt-on acquisitions in eircom and Golden Pages up to A\$150 million
 - Aggressively expand the capital management program with the remaining balance of A\$310+ million

RETURNS TO SHAREHOLDERS

Capital Management (continued)

- BCM intends to seek shareholder approval to increase its current capital management program to a maximum of 50% of BCM's capital
 - Directors to retain the flexibility as to the exact mechanism, price, quantum and timing over a 12 month period
 - Buy-back to be affected through a combination of on-market and off-market mechanisms
 - Further details to be provided shortly in announcement of meeting
- BCM intends to continue with the current buy-back pending shareholder approval of the increase in buy-back size
- Notwithstanding the non-recourse nature of both eircom and GP's debt packages, the BCM Directors believe that it is appropriate to maintain a liquidity reserve to protect the value of its investments and for the purposes of bolt-on acquisitions
 - Up to A\$150 million will be set aside for this purpose

RETURNS TO SHAREHOLDERS

Future Strategy

- Directors recognise the desire of shareholders to understand how value from eircom and Golden Pages will be returned to shareholders
- Once current investments are realised BCM will outline a strategic plan for the future of the Company. Shareholders will be consulted in the development of that plan
- BCM does not intend to make further acquisitions aside from value-enhancing bolt-on acquisitions in eircom and Golden Pages until existing investments are realised and shareholders are consulted

FEES

- The Independent Directors of BCM re-affirm their view that the BCM fee structure was and is reasonable in light of similar listed entity precedents and other unlisted private equity vehicles
- No changes to the BCM fee structure are being sought at this time
- The Independent Directors also confirm that they diligently review and, if appropriate, approve all related party transactions with Babcock & Brown including any advisory fees payable
- Further fee details and a comparison with other entities is included in the appendix

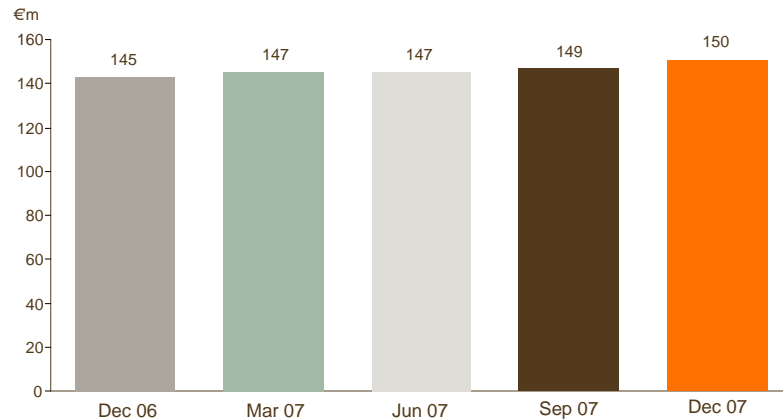
CONTENTS

1. Highlights
2. HY07 Financial Results
3. Investment Review
4. Investments
 - eircom
 - Golden Pages
 - Cash Resources
5. Appendix

eircom – INVESTMENT SCORECARD

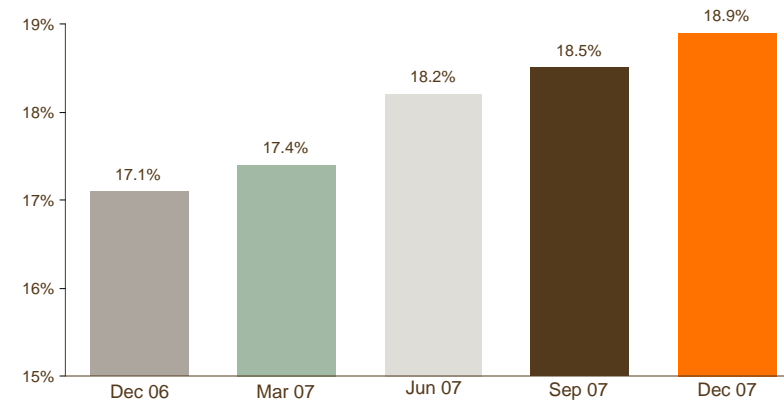
FIXED LINE – Actual EBITDA¹ per quarter

KPI: Maintain Fixed Line EBITDA at ~€150m per qtr, ~€600m p.a.



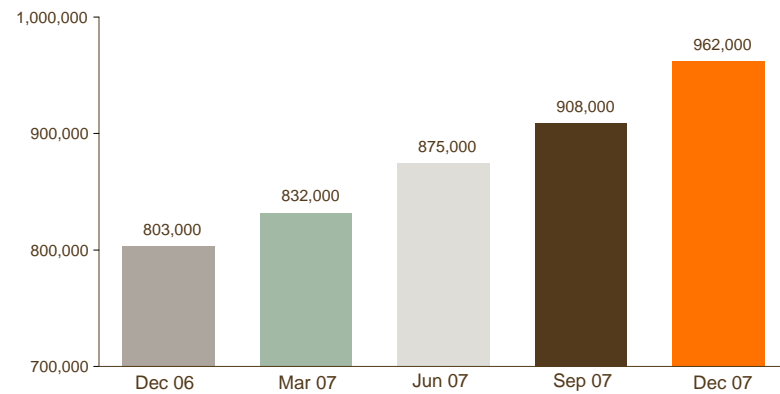
MOBILE – Actual Subscriber Market Share per quarter²

KPI: Attain historical European average 3rd player market share of 20%⁴



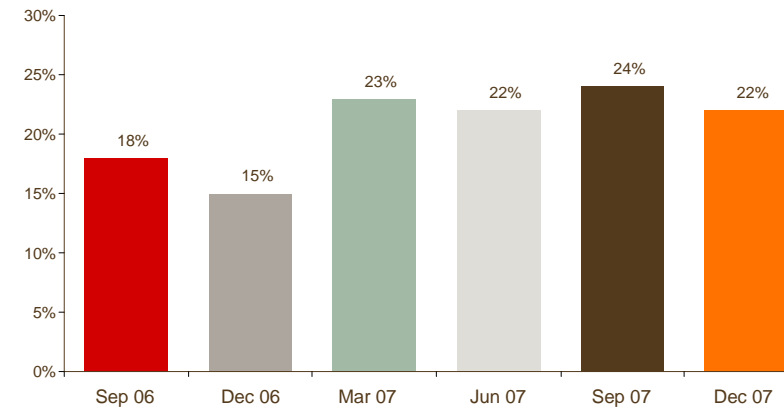
MOBILE – Actual Subscribers per quarter²

KPI: Grow mobile phone subscribers



MOBILE – Actual EBITDA Margin % per quarter³

KPI: Attain historical European average 3rd player EBITDA margin of 30%⁴



December quarter returns lower EBITDA margin due to heavy subscriber upgrade and steady acquisition at Christmas. In a growth phase, more EBITDA is spent on customer acquisition than in a mature business. EBITDA margins also improve with scale

1 Pre: MAST sale, management fee, fair value adjustments and restructuring costs

2 Source: Com Reg Quarterly reports and company estimates

3 Before management incentive costs

20 4 JP Morgan

eircom – VALUE CREATING INITIATIVES

Real Estate development

- Sold radio mast site business in September 2007 for total cash consideration of €155 million (A\$258 million) representing 17.2x FY March 2007 standalone EBITDA in Sept 07
- Identified redundant buildings and implementing disposal programme
- HQ sale and leaseback scheduled for completion in first half of 2008

Debt

- Entered into €500 million of additional 5-year interest rate swaps in December 2007 taking eircom's hedging to ~80% of all cash-pay debt. The average weighted cost-pay debt is now ~6.4%
- Strong operating cashflow resulting in cash balance after financing costs and principal amortisation of €342 million (A\$572 million)
- Net debt at 31 December 2007 of €3.92 billion

Forthcoming cash deployment

- Investment in network development
- Voluntary leaving redundancy payouts
- Option of prepaying debt with view to maximising return on equity

Major initiatives

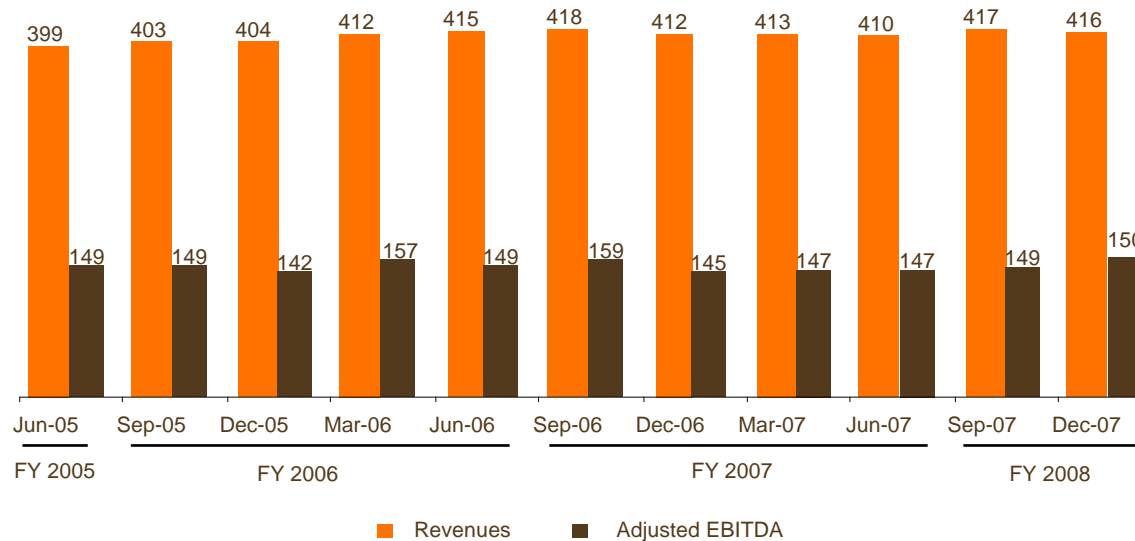
- Reaffirms target of 900 exits over three years – over 220 have left to date
- Awarded contract for up to €100 million to build Northern Ireland Civil Service network infrastructure to support voice, video and data applications in September 2007

Regulatory Framework & Separation

- Feasibility continues to be investigated by eircom management team and dedicated Babcock & Brown experts
- Preliminary discussions ongoing with government and regulator

eircom – FIXED LINE

- Revenue growth of 1% year on year
- €299 million of EBITDA¹, in line with December 2006
- 1% increase in the number of fixed lines (before DSL growth)
- Ongoing Retail winback campaign success – ~90% in July/December 2007, compared to 82% in prior year. Gross customer losses continue to decline sharply
- Investment in the fixed network continues with a focus on increasing capacity, broadband roll-out, demand-led growth and Next Generation Networks (NGN) developments



Quarterly revenue and Adjusted EBITDA¹
(Jun 05 to Dec 07)

Source: eircom annual and interim reports

¹ Pre: MAST sale, management fee, fair value adjustments and restructuring costs

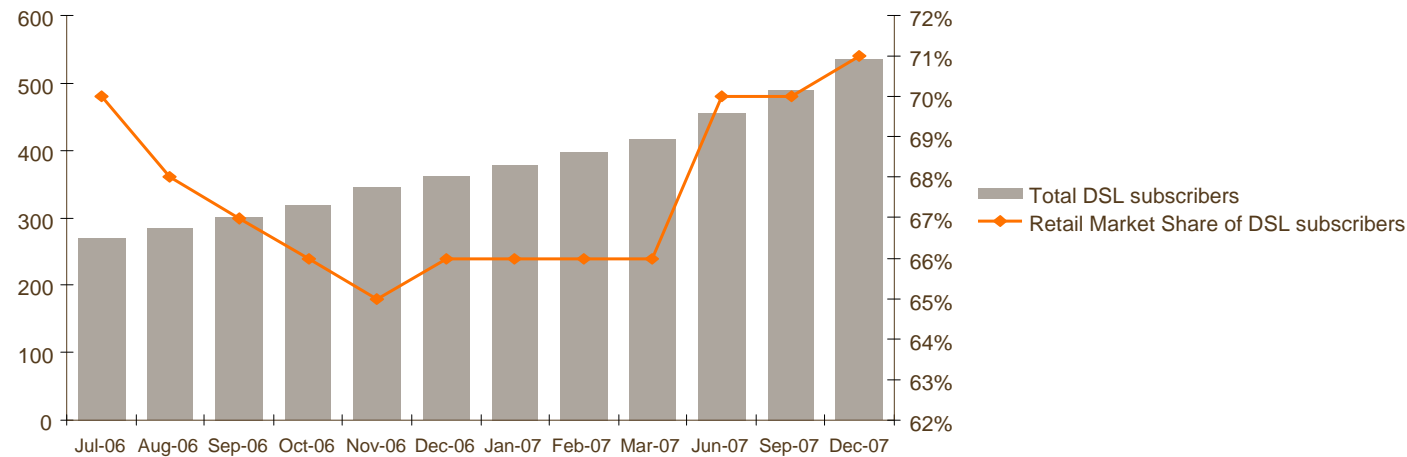
eircom - FIXED LINE continued

Broadband

- Broadband revenues 27% ahead of prior year
- Investment in broadband is delivering consistent growth
- Broadband rollout – a total of 569 exchange sites enabled as at 31 January 2008, connecting more than 1.4 million lines pre-qualifying for broadband. A further 90+ sites planned by the end of the financial year
- 174,000 net DSL customer adds resulting in 534,000 total subscribers at 31 December 2007 (48% increase yoy)
- eircom's has a retail broadband market share of 71% and total broadband market share (both Wholesale and Retail and excluding LLU) of 63%¹
- Broadband penetration in Ireland now stands at 19.9%, broadly in line with European peers¹

¹ eircom management estimates

DSL Market Trends



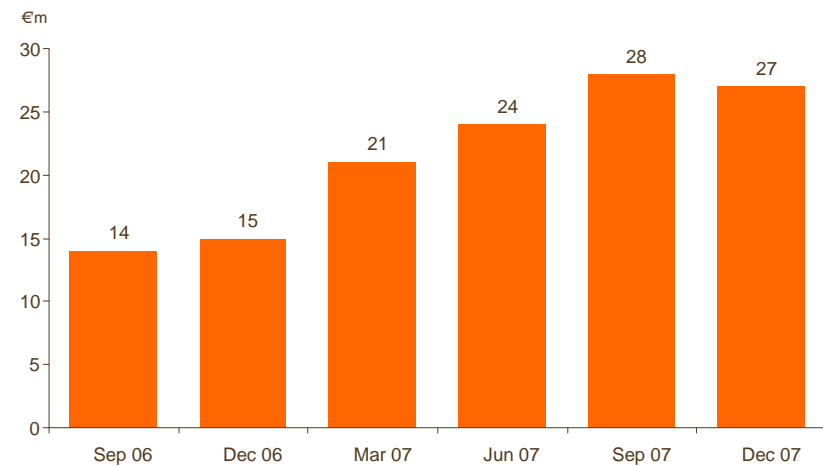
eircom - MOBILE

- EBITDA of €55 million for the 6 months ending 31 December 2007, an increase of 90% on the corresponding prior year largely due to subscriber growth
- 30% revenue growth year on year driven by 20% subscriber growth
- Increase in market share to 18.9% in December 2007 from 17% in December 2006¹
- Irish mobile market continues to grow strongly at 9% year on year with Meteor taking 39% of net adds²

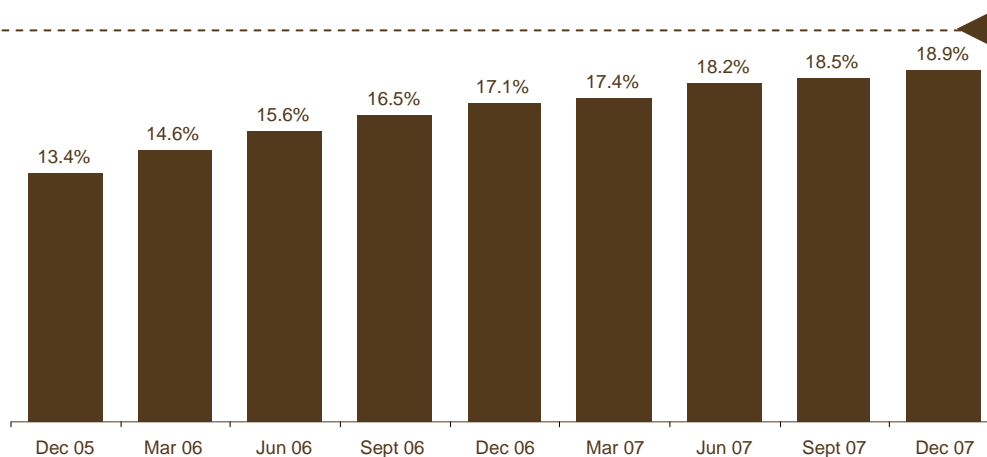
¹ Source: ComReg quarterly reports and company estimates

² Management estimate

EBITDA



Meteor Subscriber Market Share



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

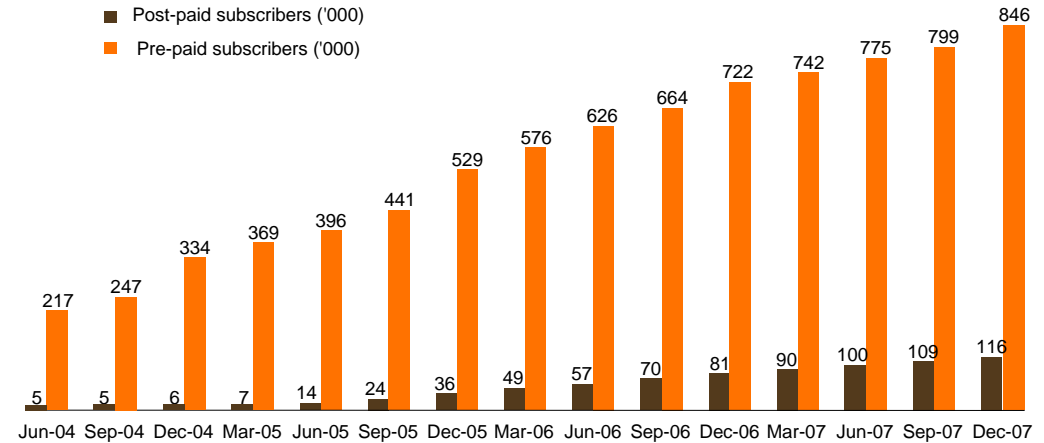
Key market share drivers

- Value positioning
- Strong distribution
- Effective marketing

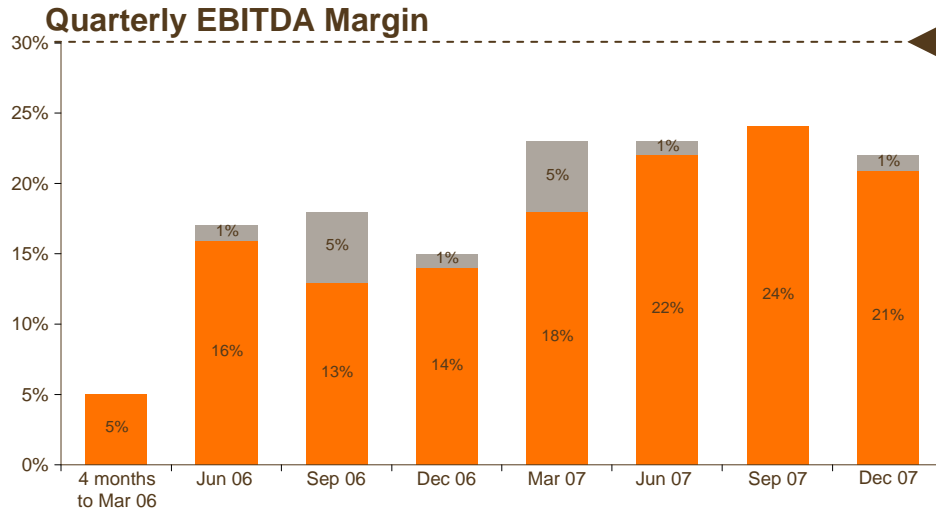
Source: ComReg and company estimates for market share, JPMorgan for average 3rd operator market share

eircom - MOBILE continued

- EBITDA margin (post management incentive costs) for the December 07 quarter of 22% up from 14% in the December 06 quarter on the back of increased subscriber numbers and higher ARPUs
- 20% increase in the number of net subscribers from 803,000 to 962,000 year on year
 - post-paid is up to 12% of the total base (December 2006 - 10%)
 - a 43% increase in post-paid customers year on year
- Blended ARPU per month €39.90 an increase of 5% on €37.90 in the prior year



Source: eircom management results



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

Key EBITDA drivers

- Increased net subscriber base
- Network enhancement
- 3G roll-out and increased product selection
- Scale effect increasingly having an impact
- December quarter returns lower EBITDA margin due to heavy subscriber acquisition at Christmas

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



eircom – CAPEX UPDATE

Strategic Focus	Performance
Return to standard fixed and mobile capex (~€250 million p.a.) after 3 years of above normal	<ul style="list-style-type: none">• €157 million of capex cash outflow in the 6 month period, in line with €160 million in the previous year as eircom focuses on increasing network capacity, rolling out broadband and developing NGN• Annual capex envelope of €200 million for Fixed Line and €50 million for Meteor as well as up to an additional €250 million over the next 3 years for NGN and 3G

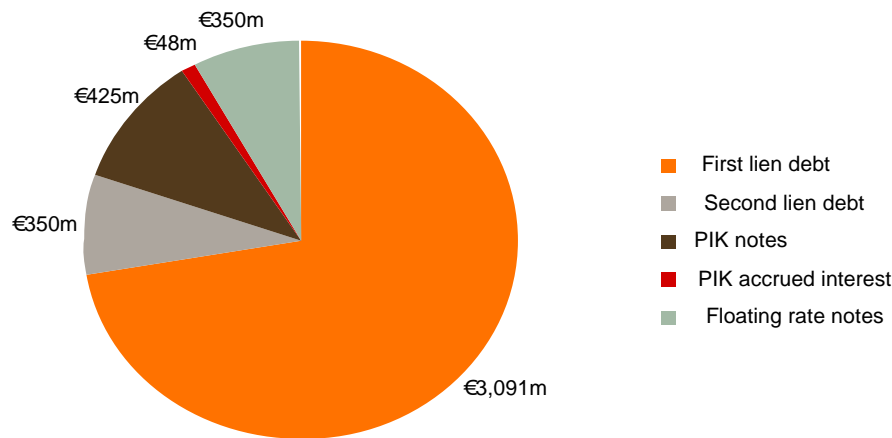
eircom – COSTS

BCM did not assume any cost savings in its original investment case, but has since acquisition identified a number of initiatives in its pursuit for cost savings

Cost	Update
Pay	<ul style="list-style-type: none"> • Voluntary Leaving Program (VL) <ul style="list-style-type: none"> – VL on track to achieve total reduction of 900 over next 3 years – Based on expected redundancy payments, the average payback period on these costs is ~2 ¾ years – 222 voluntary leaving packages taken up to 31 December 2007 • Pay costs will be sensitive to wage inflation and centralised wage fixing - may partially be offset benefits of reduced headcount
Non Pay	<ul style="list-style-type: none"> • Procurement cost reduction programmes ongoing
COGS	<ul style="list-style-type: none"> • Dependent on the product mix of services (e.g. payments to other telco suppliers for calls terminating on their networks, mobile calls, DSL)

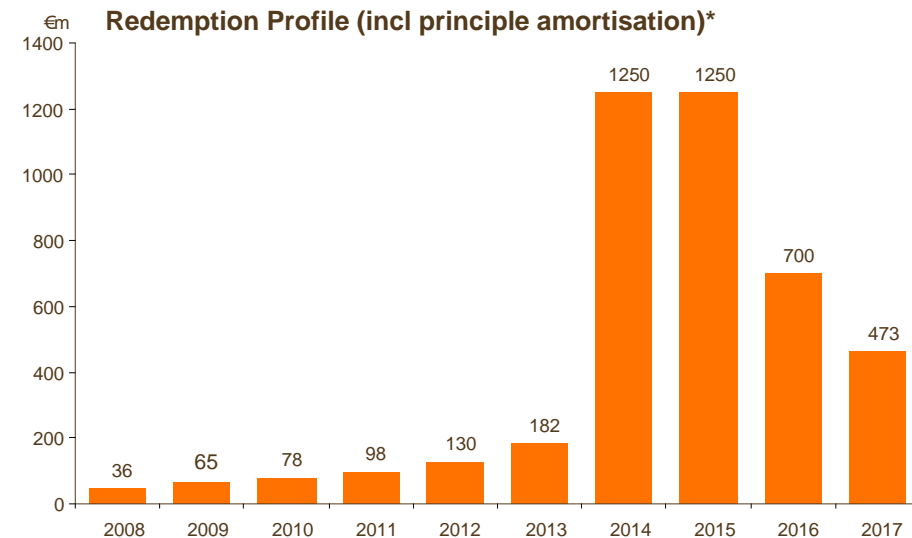
eircom – CORPORATE DEBT PROFILE AT 31 DEC 07

Facility



- All eircom debt is non-recourse to BCM
- Long dated debt profile with weighted average term of 8 years
- eircom's weighted average cost of cash pay debt is ~6.4%
- eircom continues to meet its quarterly covenants

- eircom has total cash-pay debt of €3.79 billion
- PIK notes valued at €425 million with €48 million accrued interest issued on new notes
- eircom has cash of €342 million at 31 December 2007
- eircom has a €100 million revolving credit facility available to draw on
- Interest rate swaps in place for over €3 billion (~80% of total cash pay debt) with ~80% hedged for 2 years and ~50% hedged for 4 years



*Worked on calendar year. Tranche A debt of €591million is an amortising loan with a maturity date of 2013

eircom - VALUE TEMPLATE

Indicative Pro-forma Base Outcome

- The table below is not a forecast nor is it BCM's investment case. It is provided to investors as a reference template to assist them in understanding the metrics for evaluating the performance and underlying value of eircom over a notional 5-year period
- The table uses eircom's annualised actual HY08 Fixed Line EBITDA and European average mobile data

Fixed Line Business	Basis	Source	€Million
EBITDA (€ million)	eircom HY08 current run rate before management fee	eircom	598

Mobile Business	Approach	Source	
Market size (€ Billion)	Comreg annualised Q3 market data	ComReg	2.07
Market growth (%p.a.)	Currently growing at 9% p.a., (ComReg); assume grows at nominal GDP in future	ComReg, OECD	4.5%
Market share (%)	European average third operator (eircom /Meteor currently at ~ 18.9%)	Historical Comparables	20.0%
EBITDA margin (%)	European average third operator (eircom /Meteor currently 22%)	Historical Comparables	30.0%
EBITDA (€ million)	Based on European average third operator historical metrics		155
Total Business (€million)	Addition of Fixed and Mobile		753

Free Cash Flow (FCF) €Million	Basis		
Total EBITDA			753
Capex (Fixed Line + mobile)	Actual for the 12 months to 31 Dec 07	eircom	340
Interest			246
Total gross debt	Debt Actual cash-pay balance at 31 Dec 07	€3,791	
Interest rate	Actual weighted average cost of debt	~6.4%	
Free Cash Flow before tax			167
Free Cash Flow after tax¹	Current Irish rate	12.5%	146

Eircom Pro forma Output			
Enterprise Value (EV) / EBITDA Multiple	Current global telco EV/EBITDA multiple (CS and Lehmans 25 Feb 08)	6.25	
Multiple Uplift for tax rate	Irish tax rate of 12.5% is worth 0.5x on a EV/EBITDA Multiple	0.50	
Adjusted EV/EBITDA Multiple		6.75	
Implied EV – 2013 (€ million)			5,081
Debt in 2013 (€ million)	31 Dec 07 cash-pay debt balance of €3,791 less Free Cash Flow after tax x 5 years		3,062
	PIK €425 capitalising at euribor + 700bps		850
Adjusted cash balance at 31 Dec 07	Actual balance at 31 Dec 07 less assumed working capital amount (50% of cash)		171
Implied Equity Value – 2013 (€ million)			1,340
BCM Equity Share (€ million)		57.1%	765
Foreign Exchange Rate (€)	As at 27 February 2008	0.6225	
BCM equity share (\$A million)			1,229

eircom - VALUE TEMPLATE continued

- eircom currently produces a normalised running cash yield of 20.8%¹ before debt amortisation
- Excess cash is swept to pay down debt

eircom – Free Cash Flow at 31 December 2007 EUR: AUD 0.60	eircom 100% €m	BCM's Interest 57.1% A\$m	Per BCM Share ¹ A\$
Fixed Line EBITDA – 12 month rolling EBITDA ²	598	569	\$2.85
Meteor EBITDA – 12 month rolling EBITDA	110	105	\$0.52
Total eircom EBITDA (before one-off's)	708	674	\$3.37
Adjusted eircom EBITDA			
Less: Capex (actual for the 12 months to 31 Dec 07)	(340)	(324)	\$1.62
Taxation	(19)	(18)	\$0.09
Cash flow before debt service	349	332	\$1.66
Pro forma Interest payments (cash)	(251)	(239)	\$1.19
Free cash flow	98	93	\$0.47
Equity investment		448	
ANNUALISED CASH YIELD ON EQUITY INVESTMENT		20.8%³	

1 199.8 million BCM shares on issue

2 Pre MAST sale, management fee, fair value adjustments and restructuring costs and construction income

3 Management expect annualised cash yield to be slightly lower than above 20.8%, depending on final capex figure for FY08

eircom – REGULATORY AND SEPARATION UPDATE

- Feasibility of regulatory framework, including structural separation continues to be investigated by eircom management team and dedicated Babcock & Brown experts
- Key stages in separation process:
 - Development of appropriate regulatory environment – proposal has been submitted
 - Review future investment roll-out: focussed on fibre – proposal has been submitted
- Preliminary discussions ongoing with government and regulator: eircom has proposed a tripartite workshop to review proposals

CONTENTS

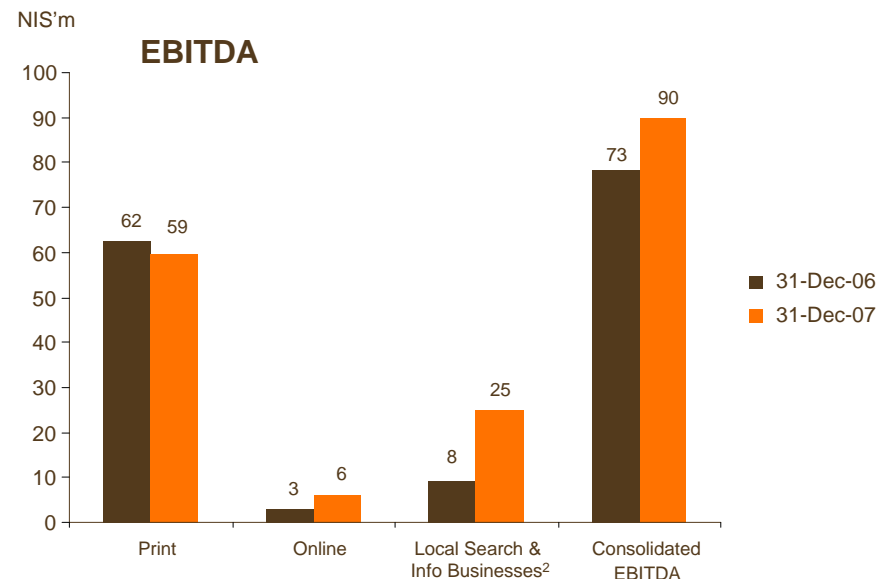
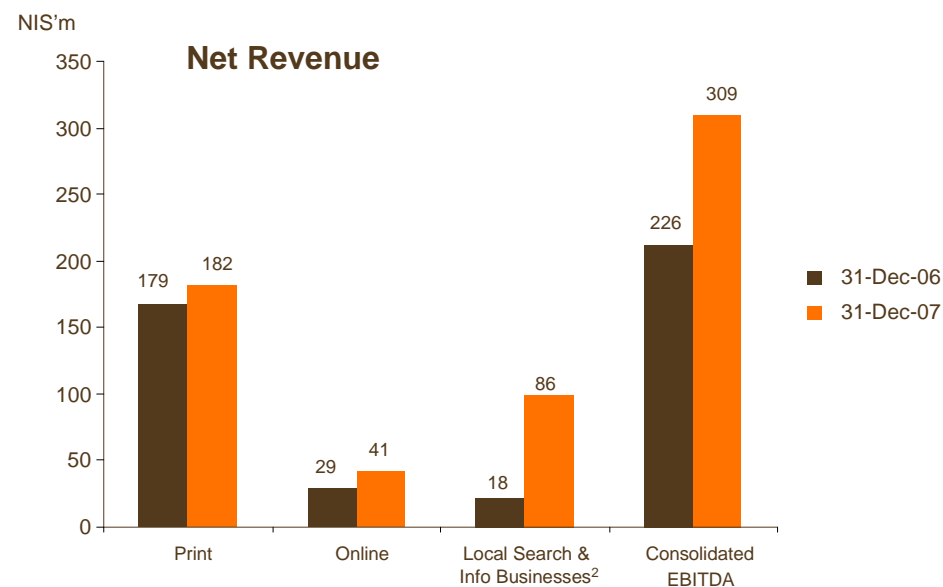
1. Highlights
2. HY07 Financial Results
3. Investments
 - eircom
 - Golden Pages
 - Cash Resources
4. Investment Review
5. Appendix

Golden Pages – OPERATIONAL UPDATE (12 MONTHS)

Net Revenue

37% increase in consolidated Net Revenue¹

- 2% increase in print net revenue during the period
- Strong growth in Online net revenue of 41%
- Growth in local search and information businesses due to recent acquisitions



EBITDA

23% increase in consolidated EBITDA^{1 2}

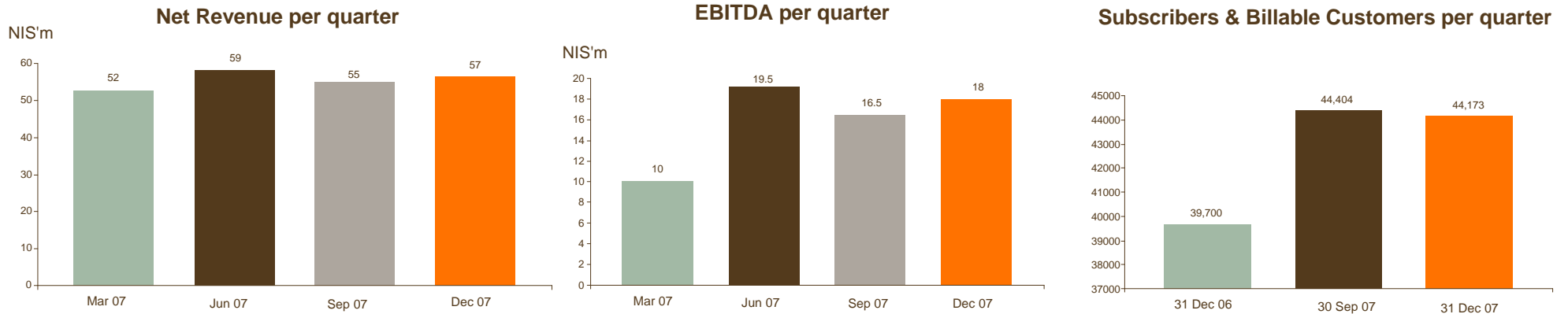
- Online EBITDA¹ increased 100% from NIS3 million to NIS6 million
- Increase in local search and information businesses of 257% from previous period partly as a result of acquisitions¹

¹ 2006 figure excludes Dun & Bradstreet, Michatnim & Weekend which were acquired during 2007 period

² Pre transaction costs

GOLDEN PAGES – PRINT & ONLINE

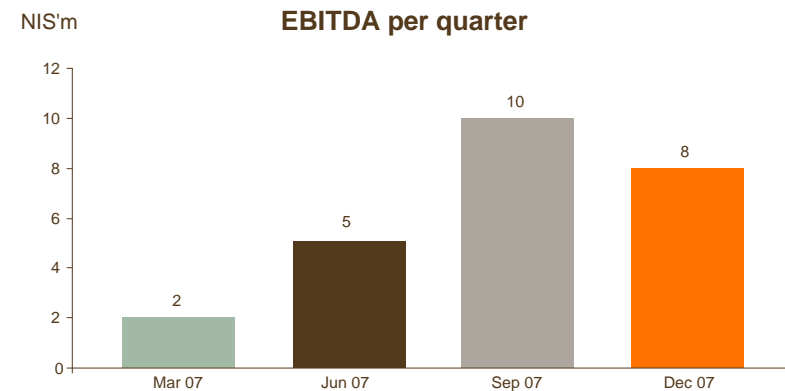
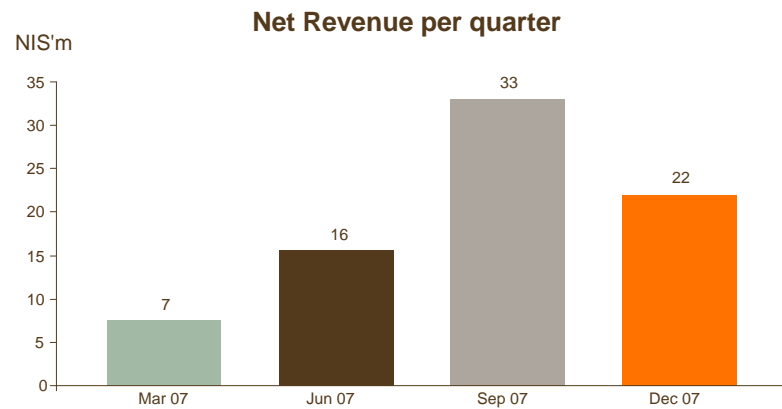
Quarterly Investment Scorecard



- June 07 quarter net revenue and EBITDA results are impacted by gains relating to the re-schedule of the publication of print directories
- Aside from the June 07 quarter quarterly Print & Online revenue remains steady
- December quarter EBITDA includes increased online marketing spend aimed at building brand awareness for 2008

GOLDEN PAGES – LOCAL SEARCH & INFO BUSINESSES

Quarterly Investment Scorecard



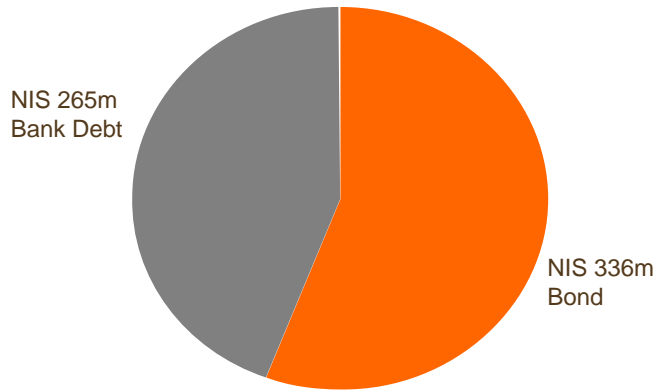
- Revenue and profit earned in the September quarter includes the annual launch of Duns 100 publication
- Year on year EBITDA of local search and information businesses grew 257% (Dun & Bradstreet acquired in May 2007. Michatnim and Weekend businesses acquired in September 2007)

Golden Pages – STRATEGIC FOCUS

	Strategic Focus / Value Creating Initiatives	Update
Corporate	<ul style="list-style-type: none"> • Optimise Capital Structure Refinancing options to increase gearing to comparable level with global business directory peers, with subsequent return of equity • Expand portfolio of complementary directories / media businesses Continual assessment of new areas of expansion for portfolio 	<ul style="list-style-type: none"> • Completed NIS400 million refinance • Capital return to BCM of NIS150 million through refinancing • Gearing now at ~60% • Revenue and profit earned in the September quarter includes the annual launch of Duns 100 publication • Acquired Weddings (Michatnim) and Weekend businesses in September 07 • NIS150 million new facility available for working capital and new acquisitions
Print	<ul style="list-style-type: none"> • Maintain print earnings Management will work to achieve stable print revenue trend going forward 	<ul style="list-style-type: none"> • 1.3% increase in print net revenue achieved during the period
Online	<ul style="list-style-type: none"> • Grow online revenue Aim is to increase proportion of online revenues as % of total revenues 	<ul style="list-style-type: none"> • 30% growth in online revenue achieved during the 12 month period to 31 December 2007

Golden Pages – CURRENT CORPORATE DEBT PROFILE POST REFINANCING

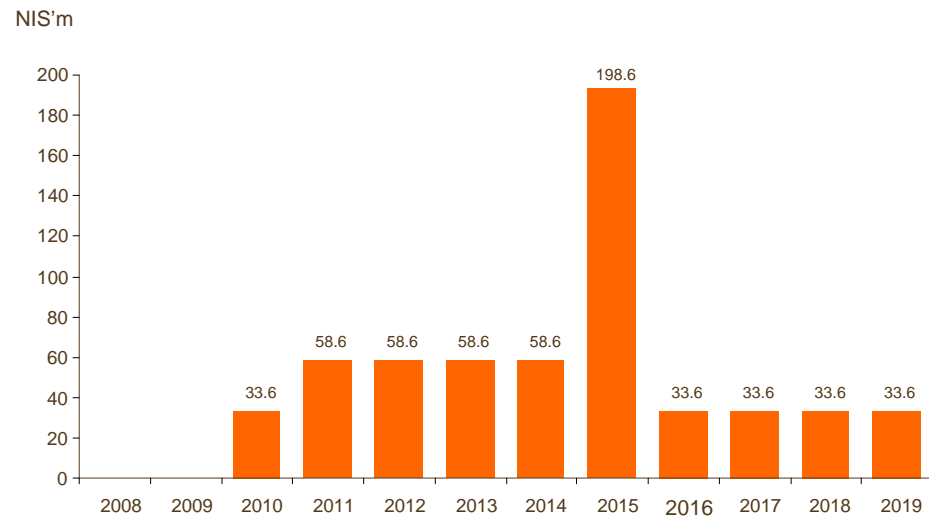
Facility



- GP has total fixed debt facility of NIS601 million
- Interest rate dependent on CPI – current weighted average cost of debt is ~5.8%
- GP has cash of NIS9.3 million (A\$2.7 million) at 31 December 2007

- Long dated debt profile with weighted average term of 7 years
- Continues to meet its quarterly covenants on cash and interest cover, and senior and total leverage

Redemption Profile*



* Worked on calendar year. Excludes working capital facility

CONTENTS

1. BCM Snapshot
2. FY07 Financial Results
3. Investments
 - eircom
 - Golden Pages
 - Cash Resources
4. Investment Review
5. Appendix

CASH RESOURCES

Cash

- Held approximately A\$445 million in cash at 31 December 2007
- A\$29 million spent in buy-back to 27 February 2008
- A\$43 million in Golden Pages refinance on 21 February 2008
- Currently holds approximately A\$460 million in available unallocated cash
- Achieved net investment return on cash balance and marketable securities for 6 month period ending 31 December 2007 of ~9%

CONTENTS

1. Highlights
2. FY07 Financial Results
3. Investment Review
4. Investments
 - eircom
 - Golden Pages
 - Cash Resources
5. Appendix

ANALYSIS OF FEES PAID TO BABCOCK & BROWN

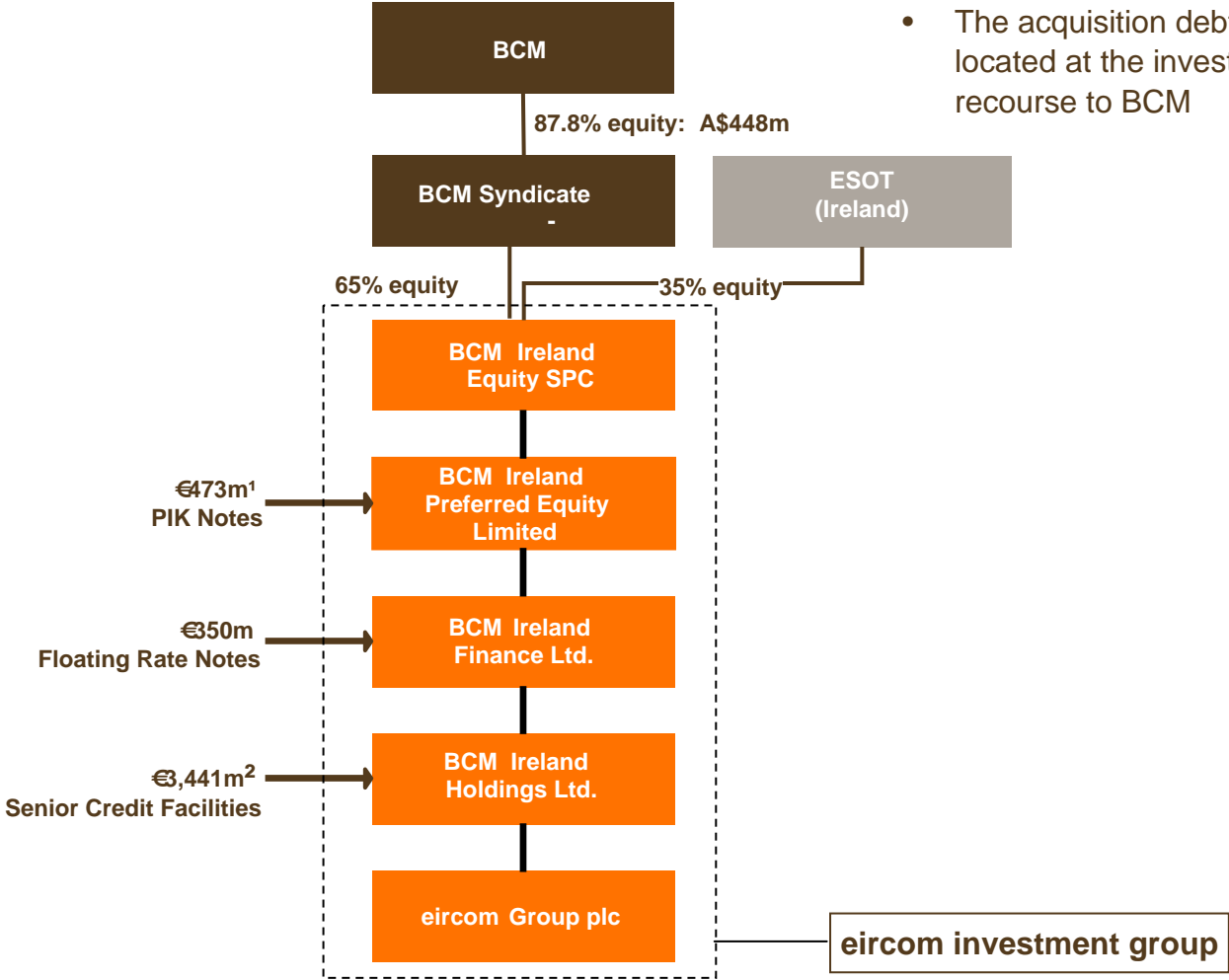
Fees paid for 6 months to 31 Dec 2007	Management Fees	Investment Bank Advisory Fees
	A\$m	A\$m
BCM	9.5	-
eircom	-	2.3 ¹
Golden Pages	-	3.7
Actual fees borne by BCM Shareholders	9.5	6.0
Actual fees borne by Minorities (42.9%)	-	1.8 ¹
Total fees recorded in BCM accounts	9.5	7.8

¹ Relates to the eircom MAST transaction. BCM owns 57.1% of eircom and effectively paid 57.1% of the related investment Banking Advisory Fees. The remainder was borne by Minority Investors in eircom. eircom is consolidated by BCM, 100% of the Investment Banking Advisory Fees are reflected in the BCM half year results.

Management fee based on 2% of NAV after minority interests.

All Investment Banking Advisory Fees are market based and were approved by the Independent Directors of BCM and in the case of the eircom MAST sale, also by eircom Employee Share Ownership Trust (ESOT), an independent entity with a 35% interest in eircom.

eircom - CORPORATE DEBT STRUCTURE



- The acquisition debt raised to acquire eircom is located at the investment group level and is non-recourse to BCM

¹ Includes capitalised interest

² A total of €59m loan principal repaid to 31 December 07. Initial draw down €3,500m

eircom - CORPORATE DEBT STRUCTURE - 31 DECEMBER 2007

Facility	Amount (EUR m)	Maturity	Repayment	Margin (bps)
Tranche A	591 ¹	Sep 2013	Amortising	E + 175
Tranche B	1,250	Sep 2014	Bullet	E + 187.5
Tranche C	1,250	Sep 2015	Bullet	E + 212.5
Total First Lien Debt	3,091			
Second Lien Debt	350	Mar 2016	Bullet	E + 425
Total Senior Debt	3,441			
Floating Rate Notes	350	Sep 2016	Bullet	E + 500
Total Cash Pay Debt	3,791			
PIK Notes ²	473	Feb 2017	Bullet	E + 700
Total Debt	4,264			

All debt is non-recourse.

¹ Initial draw down €650m

² Includes capitalised interest on initial face value of €425m

Golden Pages – CURRENT CORPORATE DEBT STRUCTURE POST REFINANCING

Capital	Feb 08 (NIS m)	Maturity	Repayment	Interest Rate (%) ¹
Working Capital	15	Feb 2015	Bullet	Prime +0.05 (eff 4.4) ²
Facility A	150	Feb 2015 ³	Partial Bullet	WRI+2% (eff 6.15) ²
Facility B	100	Feb 2015 ³	Partial Bullet	WRI+1.6% (eff 5.75) ²
Bank Debt	265			
Bond	336	Apr 2019	Amortising from 2010	5.65 ⁴
Total Debt	601			
Credit Line C (Currently undrawn)	135	Up to Feb 2015	Bullet	WRI+1.85% (eff 6.00) ²

All debt is non-recourse. All debt is held within the GPM Group

1 Fixed Rate Facilities and bond, CPI linked

2 Rates set using 3 month MAKAM (@ 4.15%) on 20/02/08.

3. Three year grace, 50% Bullet loan

4. Margin reduction of 0.65% on listing, potential 0.5% margin increase if rating decreased due to refinancing

FEES

Private Equity fee precedents—unlisted peers

	BCM	Domestic Funds	International Funds
Base Fee	<ul style="list-style-type: none"> • 30%—50% of capital invested: 1.0% of net assets • 50%—75% of capital invested: 1.5% of net assets • At least 75% of capital invested: 2.0% of net assets 	<ul style="list-style-type: none"> • 1.75 - 2.0% of invested equity <ul style="list-style-type: none"> – Lower end: no step down through fund life – Higher end: base fee steps down after investment period or commitment amount by a percentage 	<ul style="list-style-type: none"> • 2.0-2.125% of invested equity <ul style="list-style-type: none"> – In some funds, base fee steps down after investment period or commitment amount by a percentage
Performance Fee	<ul style="list-style-type: none"> • Threshold based on total shareholder return (TSR) <ul style="list-style-type: none"> – 10%—25% TSR: 20% of outperformance – more than 25% TSR: 30% of outperformance 	<ul style="list-style-type: none"> • 20% of outperformance against target IRR of 8% <ul style="list-style-type: none"> – performance fee assessed at an asset level – performance fee typically not payable until performance targets are met across the fund 	<ul style="list-style-type: none"> • 20% of outperformance against target IRR <ul style="list-style-type: none"> – performance fee assessed at an asset level – performance fee typically not payable until performance targets are met across the fund
Transaction Fees	<ul style="list-style-type: none"> • NA 	<ul style="list-style-type: none"> • Some funds charge additional transaction and monitoring fees – not uniform • Monitoring fee of 5% of EBITDA (at asset level) <ul style="list-style-type: none"> – Subject to agreement on a deal by deal basis • Transaction fee of 1% of EV <ul style="list-style-type: none"> – A percentage of the transaction fee may be rebated against the base fee • Fee configuration <ul style="list-style-type: none"> – Fee rebates vary between 80:20 – 50:50 in favour of investors 	<ul style="list-style-type: none"> • Some funds charge additional transaction and monitoring fees— not uniform • Monitoring fee of 5% of EBITDA (at asset level) <ul style="list-style-type: none"> – Subject to agreement on a deal by deal basis • Transaction fee of 1% of EV <ul style="list-style-type: none"> – A percentage of the transaction fee may be rebated against the base fee • Fee configuration <ul style="list-style-type: none"> – Fee rebates vary between 80:20–50:50 in favour of investors – Brand name managers are typically able to keep a larger percentage of these fees
Investment Banking Fees	<ul style="list-style-type: none"> • Additional fees may be payable for any Non-Designated Services provided • B&B is preferred advisor and arms length advisory fees may be paid on a deal by deal basis subject to approval by Independent Directors 	<ul style="list-style-type: none"> • May engage third party investment banking advisors in relation to individual transactions. Payments to third party investment banking advisors are in addition to the transaction advisory fees paid referred to above 	<ul style="list-style-type: none"> • May engage third party investment banking advisors in relation to individual transactions. Payments to third party investment banking advisors are in addition to the transaction advisory fees paid referred to above

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