

BABCOCK & BROWN INFRASTRUCTURE

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UBS AUSTRALIAN INFRASTRUCTURE & UTILITIES CONFERENCE

Please see attached presentation to be delivered by Jeff Kendrew, Chief Executive Officer, at the UBS Australian Infrastructure & Utilities Conference today.

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

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\$2.4 billion.

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

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AGENDA

1. Why infrastructure?
2. BBI and infrastructure
3. Regulation
4. Capital management position
5. Capital management – other key facts
6. BBI Corporate Coverage Ratios
7. BBI credit ratings
8. Case Study: \$518m Australian ET&D facility
9. Business Outlook
10. Credit Market Outlook

Presenters:

Jeff Kendrew - Chief Executive Officer

Jonathon Sellar – Chief Financial Officer (panel discussion)

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WHY IS INFRASTRUCTURE SEEN AS AN ATTRACTIVE INVESTMENT CLASS?

- Inherent appeal to asset managers looking to hedge long term liabilities
- Perpetual or long life assets with highly predictable economic lives
- Monopolistic features means assets are often subject to economic regulation, provides a level of protection against cost increases and stability in equity returns over the longer term.
- Investment grade characteristics
- High barriers to entry – limited risk of the asset becoming ‘stranded’
- Typically essential services – defensive, limited exposure to economic cycles
- Low and predictable level of stay-in-business O&M expenditure to maintain service levels
- Often modular componentry resulting in modest levels of ongoing maintenance (replacement) capex that continually extend physical life

Mature infrastructure & utilities assets produce predictable and stable income streams that can sustain relatively high gearing levels

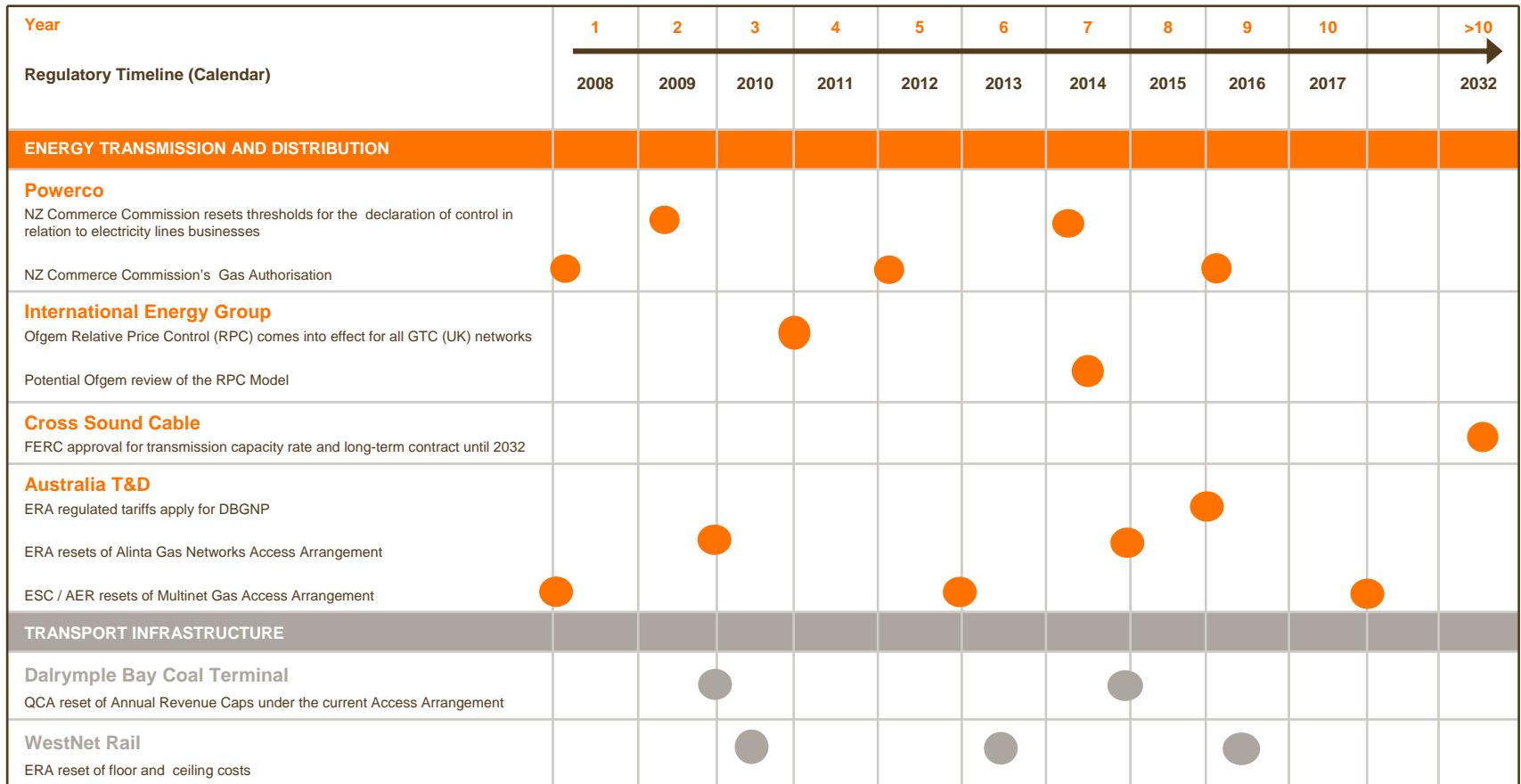
BBI HAS LONG DURATION ASSETS WITH PREDICTABLE, STABLE & HIGH INCOME-RELATED RETURNS - ENHANCED BY DIVERSITY

Current Portfolio	<ul style="list-style-type: none">• BBI operates across two asset classes: Energy Transmission & Distribution & Transport Infrastructure and within those classes operates a number of different assets• BBI's businesses operate in several different regulatory regimes• BBI's businesses benefit from international geographical diversification• Assets provide customer driven organic & step-change growth upsides to BBI
Listing	<ul style="list-style-type: none">• BBI was listed on the ASX in June 2002• 2.376 billion securities on issue• Current market capitalisation approximately \$2.5 billion⁽¹⁾
Target Returns	<ul style="list-style-type: none">• Distributions paid substantially from operating cash flow• Distribution yield 14.6%⁽¹⁾ (tax deferred) in 08F ⁽²⁾• Distribution yield 15.5%⁽¹⁾(close to 100% tax deferred) in 09F ⁽²⁾
Management	<ul style="list-style-type: none">• Managed by Babcock & Brown an experienced energy transmission, distribution and transport infrastructure manager• Experienced operating management team• Majority independent directors on Board

(1) Based on BBI closing price of \$1.03 on 11/6/08

(2) BBI is targeting 15 cents in FY08 & 16 cents in FY09 periods provided these key assumptions are achieved – no material adverse change to key tax or regulatory environments and the completion of the DBCT expansion in line with schedule

BBI'S REGULATED EBITDA MAKES UP ~75% OF TOTAL WITH A DIVERSITY OF REGIMES AND RESET PERIODS



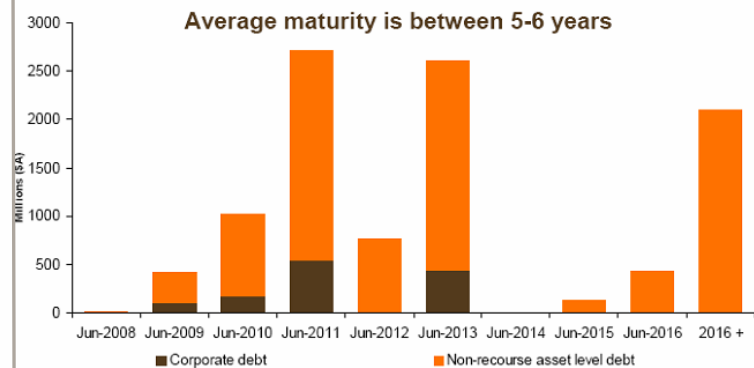
Regulated regimes and inflation linked revenues provide further natural hedges to movement in interest rates

BBI's CURRENT CAPITAL MANAGEMENT POSITION

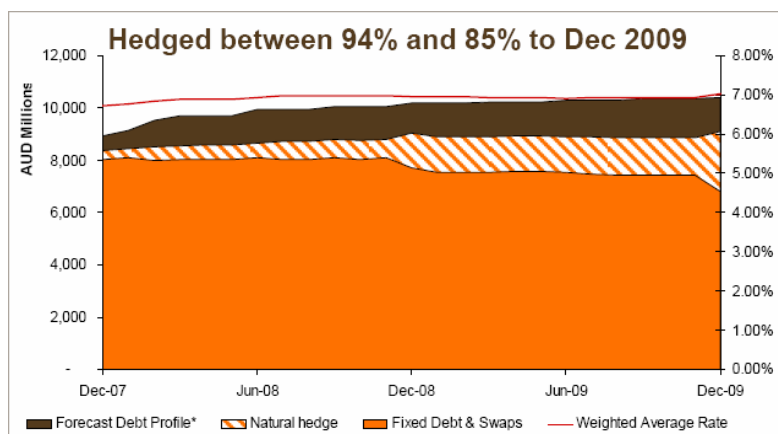
Debt position is well placed

- 5% of total debt maturing in next 13mths (on regulated assets and assets which have strong monopolistic cash flows)
- Secured commitments for the refinance of \$518m Aust ET&D debt in June 08 (2.5 & 3.5 year tranches)
- Successfully refinanced, upsized and syndicated BBI's existing corporate facility (3 & 5 year tranches) at lower margins
- Successful financing of DBCT Phase 2/3 expansion (3 & 5 year tranches)
- Existing debt facilities will fund all material near term organic growth capex
- Robust projected consolidated FY08 EBITDA / Interest cover of 2.0x (EBITDA - Maintenance capex / Interest cover is 1.7x)

BBI Debt Maturity Profile¹



Interest Rate Risk²



BBI's has hedged its interest rate exposure

- 100bp increase in rates in every jurisdiction that BBI operates in equates to c.0.5 cents per security in FY08 or < 3.5% of BBI's forecast distribution for FY08.
- Regulated assets contribute c. 75% of BBI's EBITDA.
- Regulated regimes and inflation-linked revenues provide further natural hedges to movement in interest rates
- Underlying assets have strong credit characteristics in sectors with inherently low credit volatility
- Average margin across BBI's consolidated debt is ~100bp
- BBI's corporate debt interest cover at 31 December 07 was 8.86x (31 December 2006 5.68x) – lock up occurs at 2.0x

¹ Assumes all debt was in place at 31 May 2008 and is drawn to the facility limit at maturity. NZ SPARCS and BBI EPS are excluded from profile as for this analysis it is assumed these instruments will be redeemed or converted into BBI securities at maturity

² Forecast debt profile based on proportionate ownership interest but excludes NZ SPARCS and BBI EPS

CAPITAL MANAGEMENT: OTHER KEY FACTS

- All gearing covenants in BBI's debt portfolio are linked to asset values, with no covenants linked to BBI's market capitalisation
- BBI's total proportional debt (excluding SPARCS and BBI EPS) as at 31 December 2007 was approximately \$9.0b¹. Of this amount approximately :
 - 50% is bank debt;
 - 25% relates to credit wrapped debt of which 72% of this wrapped debt matures post June 2012 and less than 1% of the wrapped debt matures before June 2009; and
 - 22% is sourced from debt capital markets
- the split between BBI's corporate and non recourse asset level debt is approximately:
 - 14% corporate debt;
 - 86% non-recourse debt
- BBI currently has approximately \$1.6 billion² of committed and undrawn available facilities to fund future organic expansionary projects (eg DBCT, IEG, Australian ET&D, NGPL, WNR and BBI Euroports)

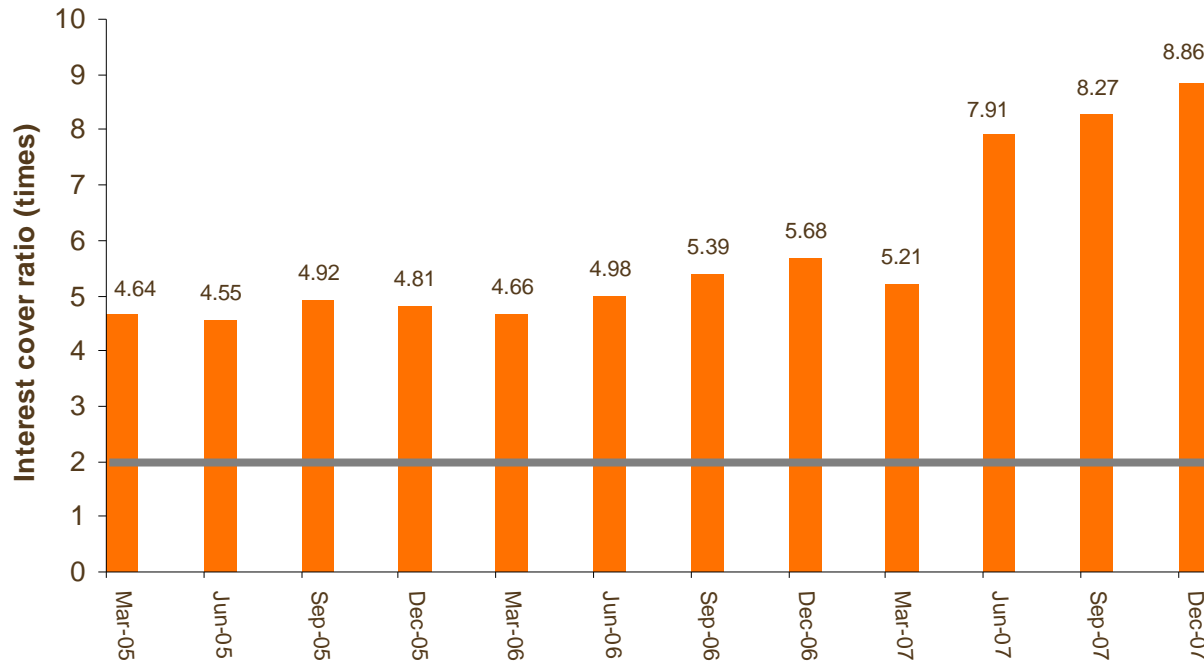
Equity funding will remain challenging in the current environment

¹ This includes NGPL as if the debt associated with NGPL was drawn as at 31 December 2007

² This is as at 31 December 2007

BBI'S CORPORATE INTEREST COVER RATIO SHOWS STABILITY

BBI Interest Cover



The past three quarters were positively impacted by the NWECC placement funds that had not yet been Deployed to BBI Euroports and NGPL

Minimum Interest cover ratio is 2.0 x (where lock up occurs). The BBI EPS references the same interest cover ratio as the BBI Corporate debt with the minimum Interest Cover ratio for the BBI EPS being 2.25x

*BBI's corporate interest cover is determined as the ratio of:
BBI's cash flow available for distribution before corporate interest expense /
BBI's corporate interest expense*

BBI'S CREDIT RATINGS ARE ALL INVESTMENT GRADE

- BBI : Baa3 (neg)
- ANH : BBB- / Baa2 (neg)
- DBCT : BBB+ (neg) / Baa2
- DBNGP : BBB (neg) / Baa2
- Powerco : BBB
- NGPL (Midcon) : BBB- / Baa3
- PD Ports : (securitised bonds, two tranches), one rated A, the other BBB
- Multinet (Energy Partnership (Gas) Pty Limited) : BBB (neg) / Baa2

BBI SUCCESSFULLY REFINANCED ITS A\$518M ACQUISITION DEBT FACILITY IN JUNE 2008

Summary

- On 4 June, BBI announced that it has secured commitments for the refinance of the \$518 million Australian Energy Transmission & Distribution acquisition facility maturing in August 2008
- This facility makes up ~5% of BBI's total debt
- BBI has no material single refinancing requirement until FY2010
- Commitments received for the new facility were in excess of those required to complete the refinance
- The average margin represents a modest increase on the margin secured for the refinance of the syndicated corporate facility earlier in the year
- The new facility will have a weighted average term of three years and be provided by seven banks



Key attributes of facility

- BBI received commitments for the new facility that were in excess of those sought to refinance the debt
- Two equal tranches of 2.5 years and 3.5 years
- No material changes to the terms, conditions and covenants other than primarily reflecting the transition from a short-term acquisition facility to a longer term facility;
- The hedged cost of the debt, including the average margin, is less than 8.00%
- The margins and fees are not subject to 'market flex'

2008 BUSINESS OUTLOOK – WHERE TO NEXT?

Period of Consolidation

BBI is focused on a period of consolidation which involves three streams of activity:

- **Optimisation:** finding the best and most efficient practices at our current operations and also includes non-core assets sales
- **Extracting organic growth:** building organically on existing businesses through commercially attractive enhancement capex investments (and projects) and increasing revenue and EBITDA growth opportunities; and
- **Integration:** bedding down new acquisitions and governance practices and reporting into the BBI portfolio including the Alinta assets, the BBI European Ports and NGPL

Capital management

- Maintain long debt maturity profile, minimise exposure to interest rate movements and ensure good cash coverage of interest
- As at 31 Dec 07, BBI had approximately \$1.6 billion of committed and undrawn available facilities to fund future organic expansionary projects, however, equity funding will remain challenging in the current credit environment

Distributions

- BBI expects that distributions will be fully funded from operating cash flows when the DBCT Phase 2/3 expansion is completed (i.e. full coverage of distributions expected in the 2010 financial year)

FY08 distribution will be not less than 15.0 cents per stapled security and FY09 distribution target of 16cps¹



¹ BBI is targeting a 15.0 cent per stapled security full year distribution in 2008 Financial Year and 16.0 cent per stapled security full year distribution in 2009 Financial Year. The distribution guidance for the FY08 & FY09 periods is based on the following assumptions: Completion of the DBCT expansion in line with schedule; No material adverse change to key tax and regulatory environments

2008 CREDIT MARKETS OUTLOOK

Bank Market

- Banks reluctant to take syndication risk, larger 'club' deals
- Clear pressure on bank balance sheets

Margins

- Margins and fees have increased substantially since mid-2007

Credit structures

- Simple transparent structures in favour

Debt Capital Markets

- 'Credit wrapped' market closed
- Credit volatility and execution risk materially higher

Agency ratings

- Under scrutiny themselves
- More conservative

Buybacks

- Considered negative by credit agencies (understandable bias to debt reduction)

