

Everest Babcock & Brown Limited (EBB)

17 October 2007

AGENDA

1. Introduction to Everest Babcock & Brown
2. Everest Babcock & Brown results highlights & outlook
3. Current investment environment
4. Everest Babcock & Brown Alternative Investment Trust
5. Conclusion
6. Appendix

EVEREST BABCOCK & BROWN OVERVIEW

- Founded in February 2000 to manage the Founders' proprietary capital
- One of the leading Australian based investors in absolute return funds
- Approximately \$3.3 billion¹ of assets under management (AUM) at 30 June 2007
- Alignment of interests: \$300 million of Founders' capital invested in EBB managed funds
- Family office philosophy
 - Founders have over ten years of experience in investing in absolute return funds
 - Long-term investment horizon
- Principal-to-principal relationships
- Fundamental and rigorous research based investment process
- Close strategic relationship with Babcock & Brown
- Market cap of approx. \$500 million², Ownership: 37% Founders, 26% Babcock & Brown, 37% public

1 This amount includes invested assets under management of \$2.9 billion, approximately \$188 million of uncalled capital commitments and approximately \$317 million of un-utilised debt capacity in respect of all EBB managed funds.

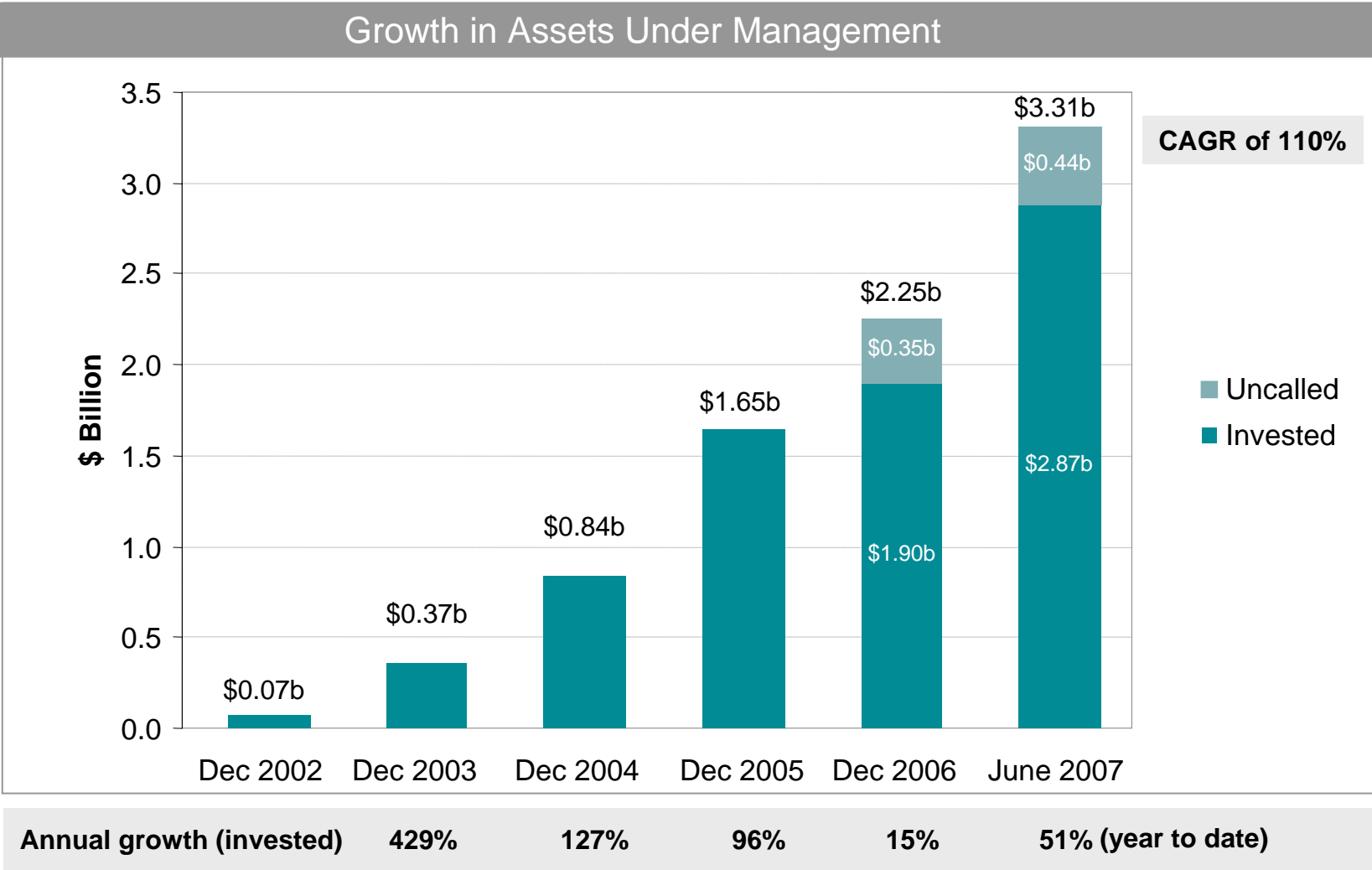
2 As at 30 September 2007

HISTORY OF EVEREST BABCOCK & BROWN

- 2000** Everest Capital founded
- 2001** Launch of first fund of absolute return fund: the Everest Global Growth Fund
- 2003** Strategic alliance formed with Babcock & Brown
- 2005** IPO of Everest Babcock & Brown Alternative Investments
- 2006** Launch of first direct investment fund, Everest Babcock & Brown Income Fund
Babcock & Brown increases its shareholding from 19.9% to 29%*
Everest Capital rebranded as Everest Babcock & Brown
Unstapling of the EBB management company from EBI investment trust
Securities commence separate trading on ASX
- 2007** EBI raises \$1 billion in new investment capacity via an entitlement offer and placement

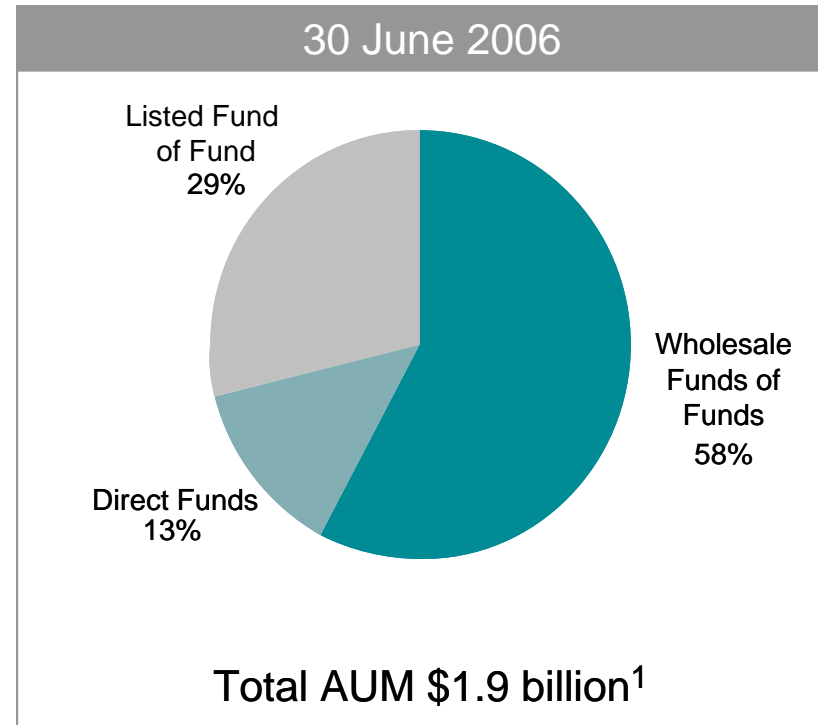
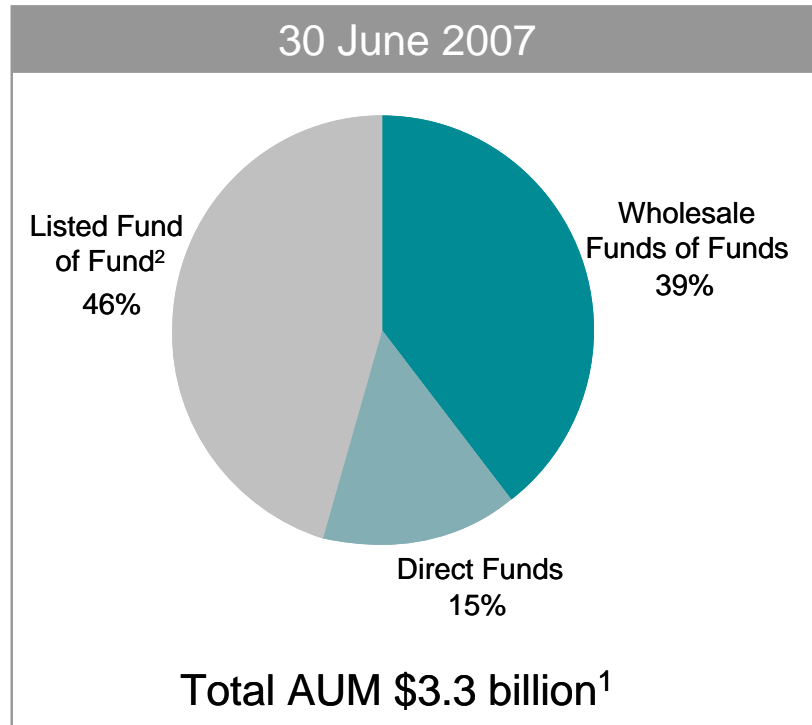
*B&B shareholding currently ~26% based on last substantial shareholder notice lodged with ASX

STRONG AUM GROWTH



Invested amount includes unutilised debt capacity

IMPROVED AUM MIX



- Greater stability of earnings due to increase in proportion of listed AUM not subject to potential periodic redemption rights
- Strong growth in fund of funds business has been balanced by growth in direct funds

¹ Includes invested AUM, uncalled capital commitments and unutilised debt capacity

² Includes absolute return funds and direct investments

DIVERSIFIED RANGE OF FUNDS

Funds of Absolute Return Funds		Direct Investment Funds	
<p>Diversified</p> <ul style="list-style-type: none"> ASX Listed EBI EBB Absolute Return Funds I, II & III Everest Global Growth Fund Everest Absolute Return Fund Everest Super Select Fund EBB-AFG Global Masters Fund <ul style="list-style-type: none"> 20-30 funds across a range of strategies 10%-15%pa return target 	<p>Concentrated</p> <ul style="list-style-type: none"> EBB Masters Fund I EBB Masters Fund II <ul style="list-style-type: none"> 4-10 'best of breed' funds 15%pa target returns 	<p>Subordinated Debt</p> <ul style="list-style-type: none"> EBB Income Fund <ul style="list-style-type: none"> Diversified portfolio of high yielding securities Investments predominately sourced from Babcock & Brown deal flow* Targets 10% plus cash yield Quarterly distributions 	<p>Equity Co-investment</p> <ul style="list-style-type: none"> EBB Opportunities Fund EBB Co-Investment Fund I EBB Co-Investment Fund II Everest Special Opportunity Fund <ul style="list-style-type: none"> Co-investment opportunities alongside Babcock & Brown* and other investment firms Target pre-tax IRR of at least 15%pa

* Access to Babcock & Brown deal flow is not on an exclusive or priority basis and is not guaranteed. Babcock & Brown reserves the right to establish any fund in the future that may be similar in nature to these funds or have similar investment parameters.

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EVEREST BABCOCK & BROWN RESULTS HIGHLIGHTS

- EBB recently reported strong first half earnings growth over the previous comparable period
 - EBITDA \$15.4 million versus \$8.0 million
 - NPAT \$8.2 million versus \$3.2 million
- Key contributors:
 - 49% growth in AUM for six months to 30 June 2007 due to EBI capital raising and EBB's wholesale fund capital raisings
 - Performance
- Full earnings impact of EBI capital raising still to flow through
 - Only two months of the increased management fees are reflected in this six month result
- Strong balance sheet: no debt

AUM includes invested assets under management, unutilised debt capacity and uncalled capital

EVEREST BABCOCK & BROWN RESULTS HIGHLIGHTS

Half year ended 30 June 2007

	Half year ended 30 June 2007	Half year ended 30 June 2006 normalised	% change
Net revenue	\$21.1 million	\$11.3 million	86%
EBITDA	\$15.4 million	\$8.0 million	91%
EBITDA margin	73%	71%	2.8%
NPAT	\$8.2 million	\$3.2 million	160%
EPS	3.5 cents	1.4 cents	250%
Adjusted diluted EPS ¹	4.3 cents	2.3 cents	87%
AUM ²	\$3.3 billion	\$2.2 billion	50%
DPS (fully franked) ³	3.0 cents	N/A	N/A

The previous corresponding results have been normalised to reflect the restructure of EBB that occurred 1 August 2006

1 For the purpose of calculating this figure, EPS is adjusted to exclude amortisation of intangibles and employee options expense. Share capital is also adjusted for the weighted average impact of the issue of additional shares under the employee option plan

2 Includes invested AUM, uncalled capital commitments and unutilised internal debt capacity

3 Comparative data is not meaningful as dividend was paid prior to restructure

RECENT WHOLESALE INITIATIVES

Despite the recent market volatility we have continued to raise new assets:

Date	Fund	Assets*	Investor Liquidity
28 June 2007	EBB Co-Investment Fund I	US\$22.7m	December 2009 onwards
1 July 2007	EBB-AFG Global Masters Fund (Asian based investors)	US\$50m	June 2008 onwards
1 August 2007	EBB Masters Fund II (Seed investors for further capital raising in 1Q08)	A\$120m	July 2012 onwards
7 August 2007	EBB Opportunities Fund (2nd capital call)	A\$19.4m	December 2012 onwards
27 September 2007	EBB Co-Investment Fund II	US\$9.7m	No lock-up
28 September 2007	EBB Income Fund (now open monthly)	A\$34.5m	One year lock-up, then annual at 31 December

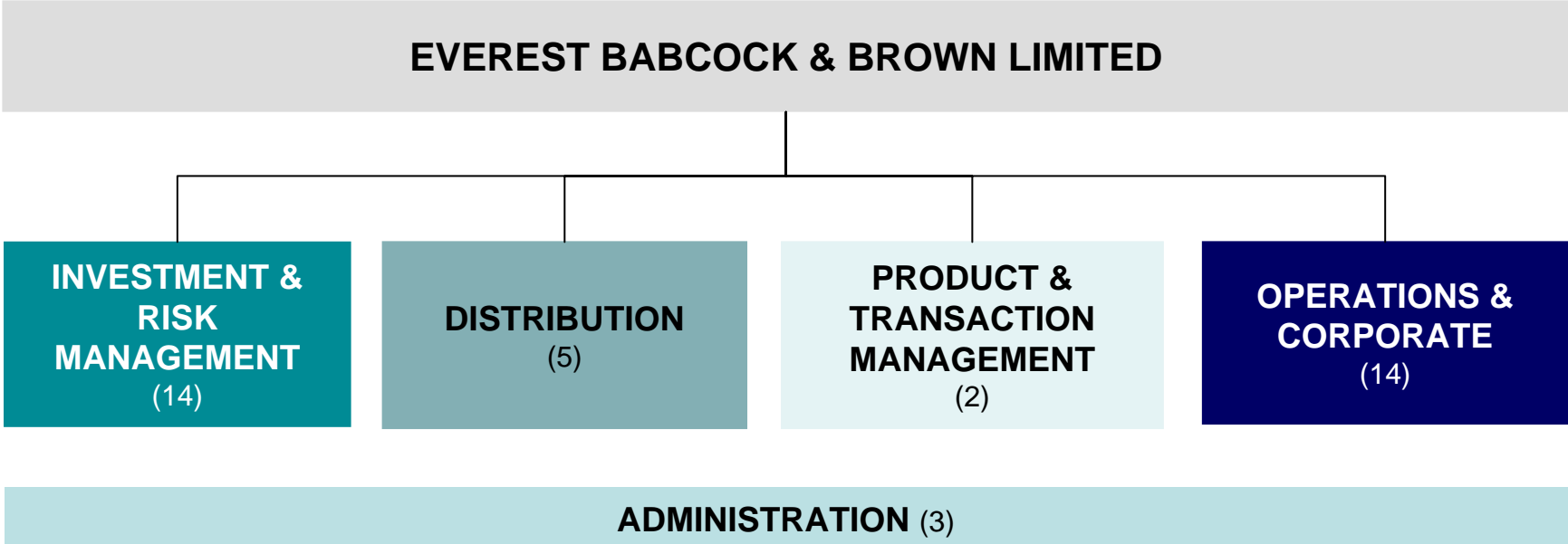
* May include leverage and uncalled capital commitments

GROWTH STRATEGY

- Retail
 - New funds in development for 4Q07 and 2008
 - Retail enhanced yield fund
 - Closed end, capital protected fund of absolute return fund
 - Open ended fund of absolute return fund
 - Distribution via financial advisers, platforms and direct investors

- Wholesale
 - Masters Fund II open to HNW investor base
 - Income Fund open for monthly subscriptions
 - Capital protected Absolute Return Fund 4

STRUCTURING FOR GROWTH



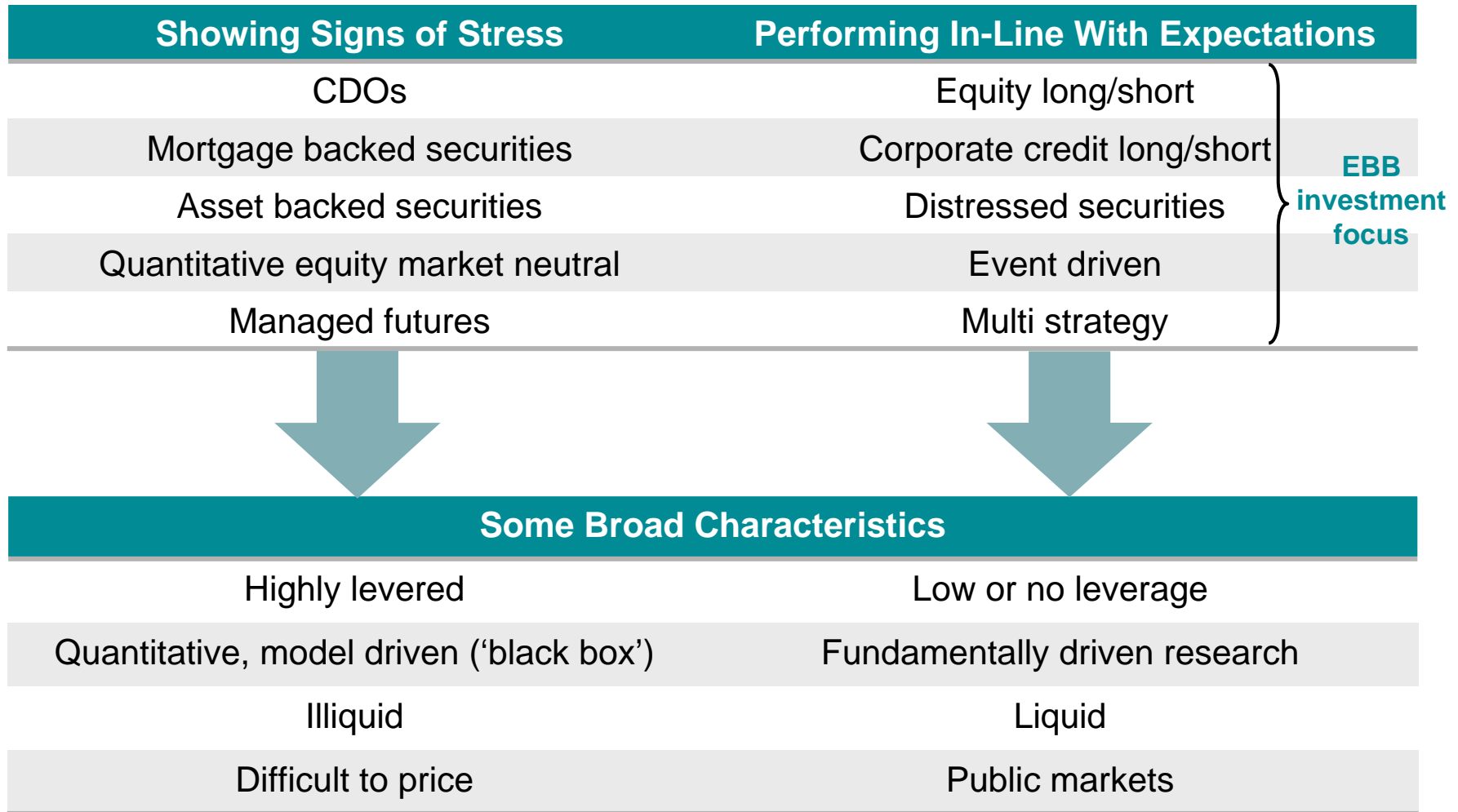
Overview

- 38 employees
- Experienced team
- 14 professional staff in investment & risk management
- Further growth expected in retail distribution

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CURRENT INVESTMENT ENVIRONMENT



CURRENT INVESTMENT ENVIRONMENT

- We believe the current market environment should produce more compelling opportunities for investment than we have seen in many years
- Distressed investing and asset backed lending particularly attractive
- However expect more volatility and negative headlines regarding the industry
- Hedge fund closures to accelerate

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EBI - A HIGHLY DIVERSIFIED PORTFOLIO

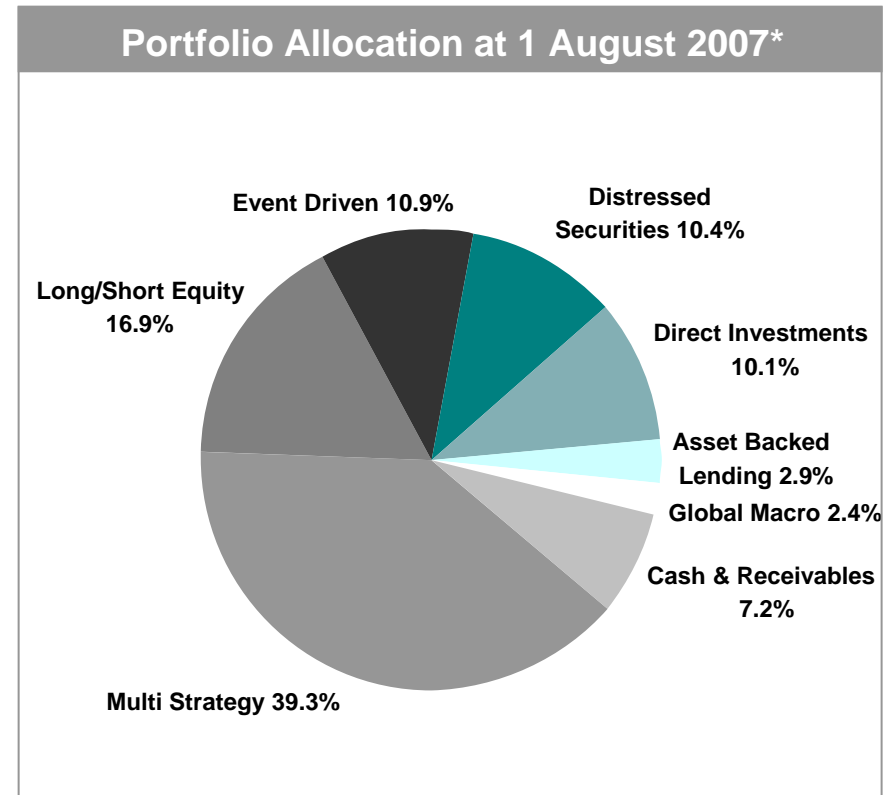
Absolute Return Funds

- 8 investment strategies
- 29 Investment Managers
- 37 absolute return funds
- Top 5 investment managers
 - Och-Ziff Capital Management LP
 - Farallon Capital Management LLC
 - TPG-Axon Capital LP
 - Eton Park Capital Management LLC
 - Perry Corp

Direct Investments¹

- Investment in 'hard' assets eg. infrastructure
- Diversifies the portfolio, lowers correlation to equity markets
- Top three investments
 - B&B Australian hotel group
 - B&B US alternative energy
 - B&B US residential portfolio

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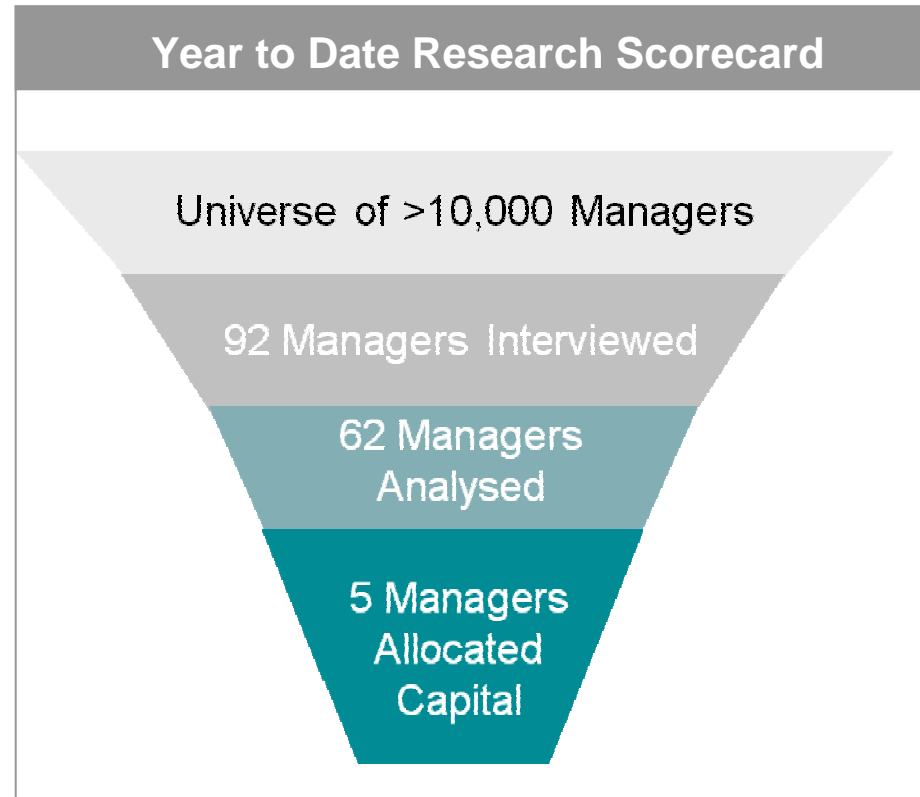


* May not total 100% due to rounding

EBI - HIGHLY SELECTIVE INVESTMENT APPROACH

EBI's Competitive Advantage

- Family office philosophy
- Culture of thinking like owners
- Strong alignment of interests
- Principal-to-principal relationships
- Regular contact with managers
- Skilled and stable team
- Fundamental and rigorous research based investment process
- Risk averse
- Close strategic relationship with Babcock & Brown



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CONCLUSION

- Industry fundamentals driving growth remain strong
- Continued growth despite recent market turbulence
- Solid earnings results and strong balance sheet flexibility
 - Strong free cash flow generation, payout ratio policy currently at least 90% of NPAT
 - No debt on EBB balance sheet
- Close strategic relationship with Babcock & Brown
 - Good opportunities in direct investment funds
- Highly scalable business
- Defined growth strategies in retail and wholesale

Thank you

Questions?

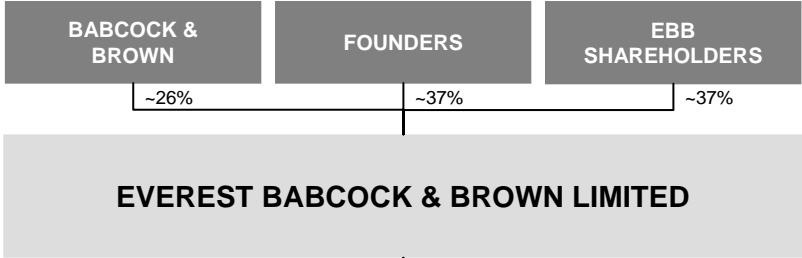
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CORPORATE STRUCTURE

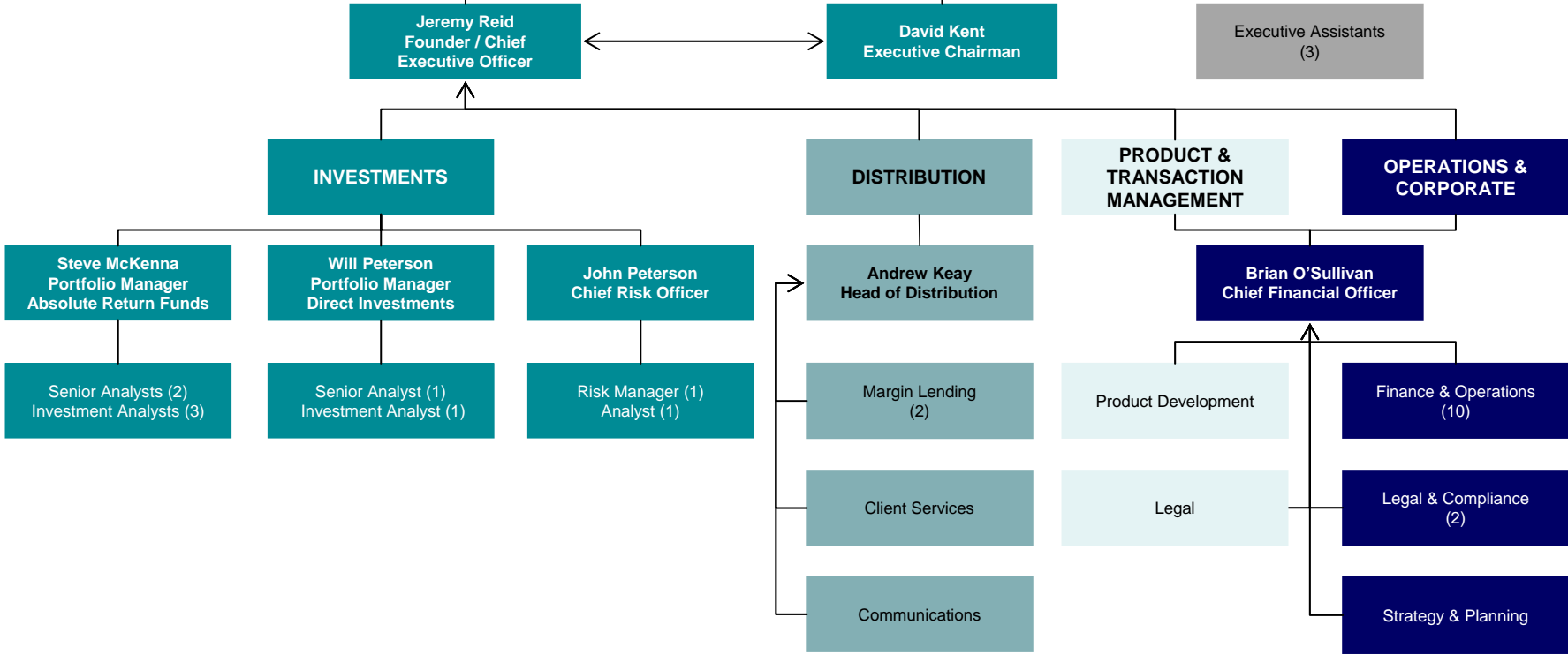
Overview

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- 14 in investment management
- Experienced team



Directors
 Executive Chairman: David Kent
 Founder / Chief Executive Officer: Jeremy Reid
Non Executive Directors: Trevor Gerber, Phillip Green, David Fuchs, Michael Katz, Kerry Roxburgh

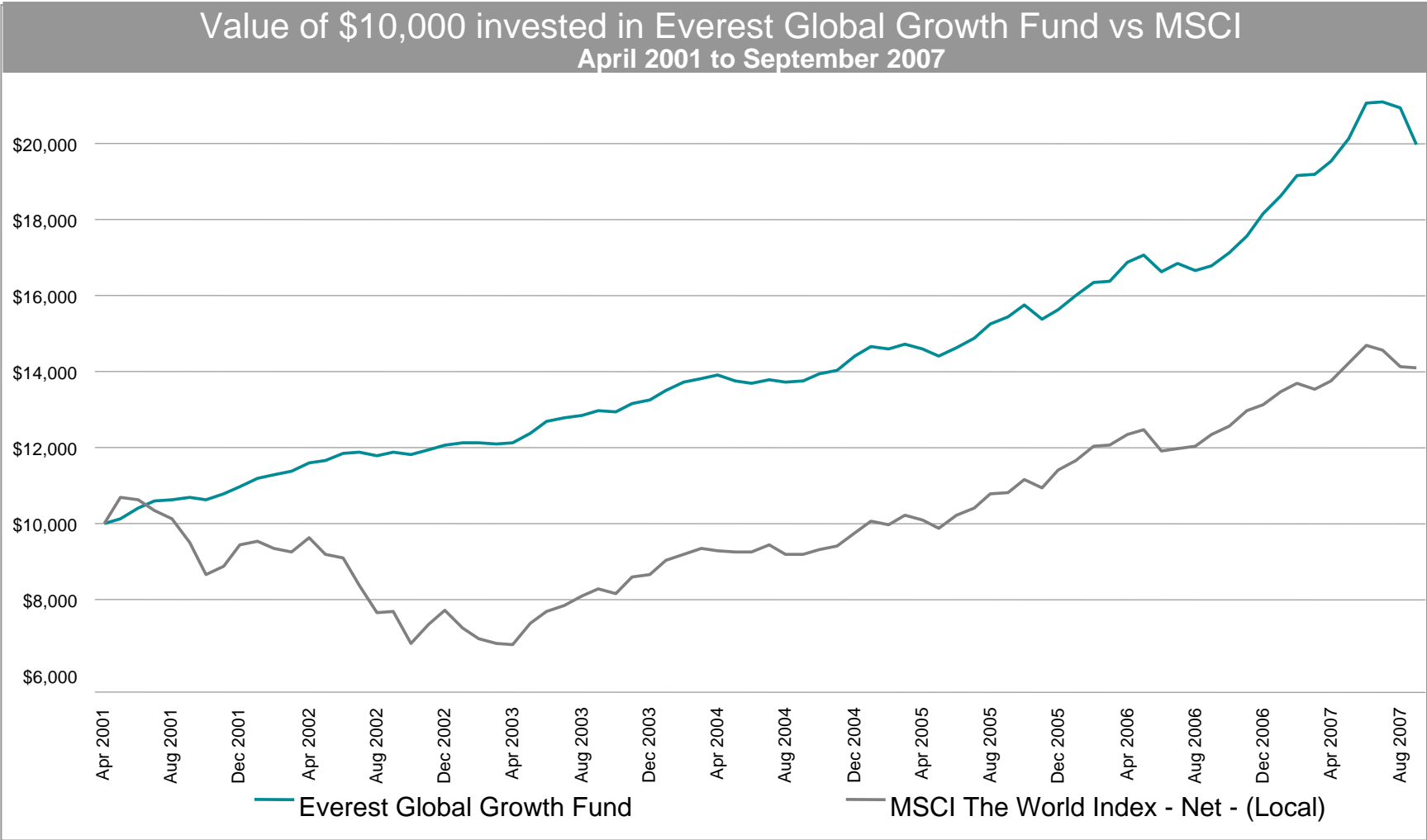
External Compliance Committee
 (majority of external members)
 Alan Beasley, Paul Dortkamp, John Peterson



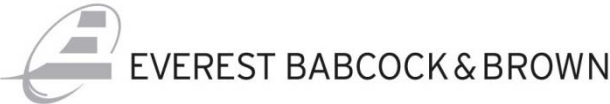
WHAT WE INVEST IN - OUR ASSESSMENT CRITERIA

Our Criteria Typically Include:	Core Investment Manager Example
Quality and Experience of People	✓ Outstanding pedigree and investment experience
Motivation (Hunger Factor)	✓ Passion for investing and business building
Proprietary Ownership	✓ Majority owned by founder and partners
Proprietary Investment	✓ Nearly \$2 billion invested by partners and principals
Investment Philosophy	✓ Opportunistic approach with capital preservation focus
Financial Flexibility	✓ Multi-strategy style with flexible capital allocation
Track Record	✓ 13-year track record with over 17% annualised returns
Target Risk-Adjusted Returns	✓ 10% to 15% return target with low annualised volatility
Risk Management	✓ Dedicated risk team with quantitative/qualitative approach
Business Infrastructure	✓ Over 300 employees with extensive global network
Investor Liquidity	✓ Quarterly liquidity
Transparency	✓ Deep relationship with Everest built over number of years through principal-to-principal relationship

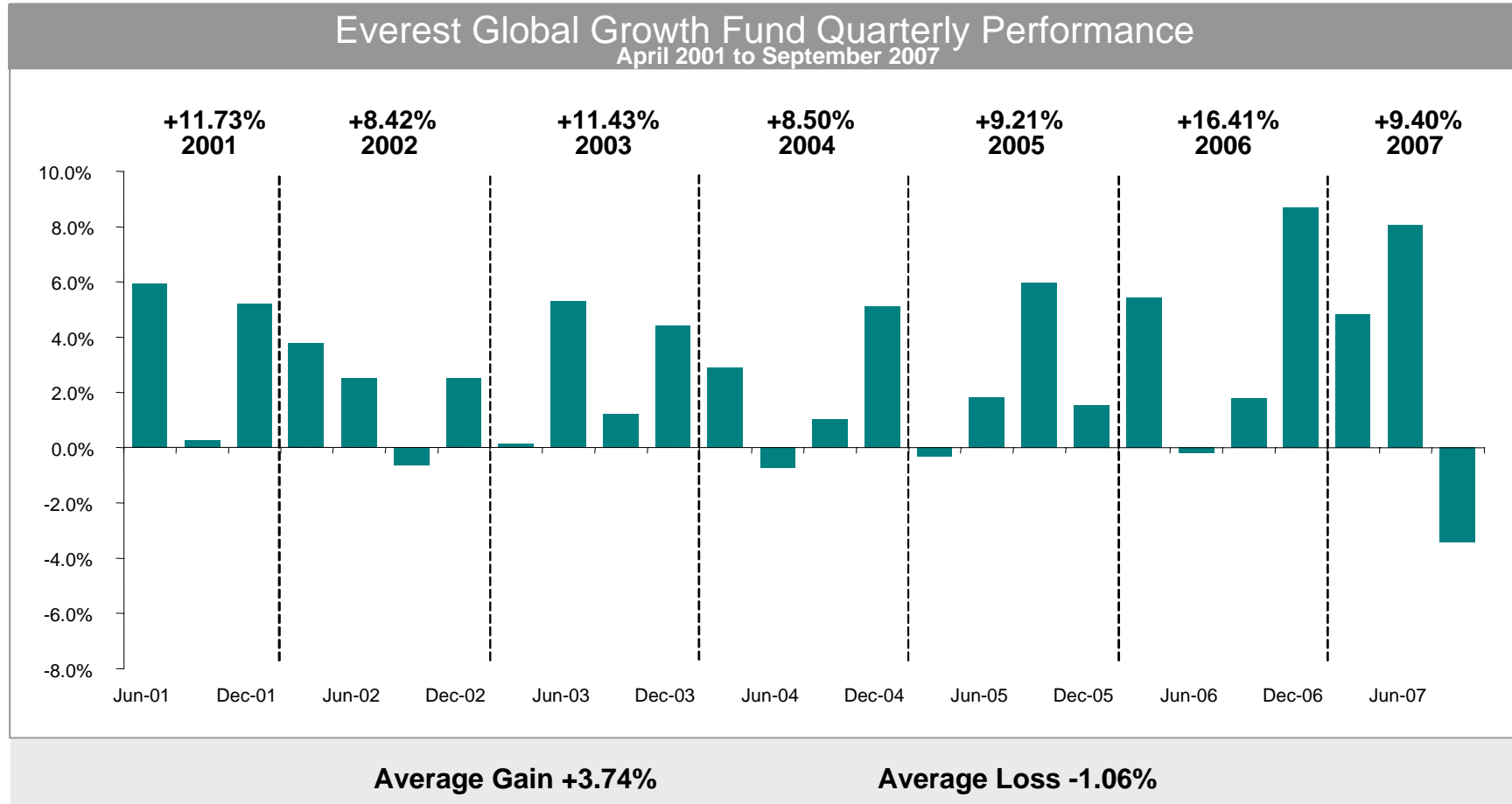
EVEREST INVESTMENT PROCESS ACROSS THE CYCLE



Past performance is not a reliable indicator of future performance. Returns include performance of the funds to 30 September 2007. Performance figures for the month ended 30 September 2007 are based on unaudited estimates, all other figures are final. The performance of Everest Global Growth Fund is shown for illustrative purposes only to illustrate the performance of the Everest Babcock & Brown investment process.



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PERFORMANCE CONSISTENCY OF EBB FUNDS

Net returns to 30 September 2007

Fund	1 Year	2 Years p.a.	3 Years p.a.	5 Years p.a.	Cumulative Since Inception	Annualised Since Inception	Standard Deviation
EGGF	18.9%	13.7%	13.5%	11.5%	103.7%	11.6%	5.1%
EARF	19.5%	14.6%	13.7%		56.5%	11.1%	6.0%
EBBI	12.3%	8.5%	9.5%		40.3%	8.8%	3.9%
EBBII	11.3%	8.2%	9.7%		33.1%	9.0%	4.0%
EBI (NTA returns)	10.2%	8.7%			28.1%	10.4%	9.1%
EBB III	10.8%				11.8%	10.8%	2.6%
EBB Masters Fund I	13.0%				23.6%	12.9%	5.3%
EBB Income Fund	14.5%				16.8%	13.2%	4.3%

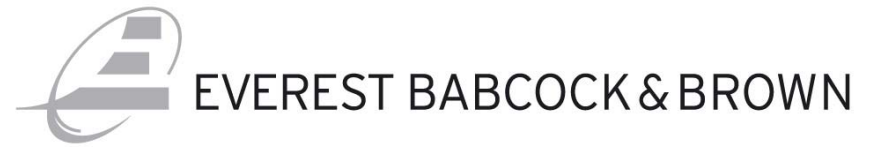
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