

**BABCOCK & BROWN
CAPITAL LIMITED**

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ASX Release

19 December 2007

**BABCOCK & BROWN CAPITAL LIMITED (“BCM”) – INITIAL
SUBSTANTIAL SHAREHOLDER NOTICE**

Please find attached a Form 603 - Notice of initial substantial holder that BCM has received from CC Asia Absolute Return Master Fund Ltd.

BCM considers this notice to be deficient in a number of areas and is seeking clarification on these matters from the Shareholder.

ENDS

Further Information:

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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.

eircom

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 hold the remaining 35% through their share ownership trust, the ESOT.

eircom owns Ireland's copper and fibre backbone telecommunications network. It is the largest provider of fixed line wholesale and retail telecommunication services in Ireland and has 70% of the fast growing broadband market. eircom's mobile business has a rapidly growing 18.5% share of the mobile market.

Golden Pages

BCM acquired Golden Pages in July 2007. Golden Pages is the leading Israeli directories business with portfolio of complementary directory and search businesses operating across four distribution platforms.

Golden Pages was acquired for an enterprise value of A\$248 million, requiring an equity investment of A\$152 million.

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

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme

BABCOCK & BROWN CAPITAL LTD.

ACN/ARSN

112 119 203

1. Details of substantial holder (1)

Name

CC ASIA ABSOLUTE RETURN MASTER FUND LTD

ACN/ARSN (if applicable)

The holder became a substantial holder on

8/11/2007

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORDS	10,340,607	10,340,607	5.17%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
CC ASIA ABSOLUTE RETURN MASTER FUND LTD	HSBC BANK AUSTRALIA LTD A/C MORGAN STANLEY & CO INTL PLC IS THE CUSTODIAN TO THE SECURITIES	10,340,607

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
CC ASIA ABSOLUTE RETURN MASTER FUND LTD	HSBC BANK AUSTRALIA LTD, A/C MORGAN STANLEY & CO INTL PLC	HSBC BANK AUSTRALIA LTD A/C MORGAN STANLEY & CO INTL PLC	10,340,607

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
CC ASIA ABSOLUTE RETURN MASTER FUND LTD	12-12-07	885,200		200,000 ORDS
	8-11-07	1647,341		100,000 "
	30-8-07	1,271,970		300,000 "
	16-8-07	1,319,066		350,000 "
	15-8-07	1,280,023		310,926 "
	15-8-07	800,000		200,000 "

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
HSBC BANK AUSTRALIA LTD	} CUSTODIAN
A/C MORGANSTANLEY INTL LTD	

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
CC ASIA ABSOLUTE RETURN MASTER FUND LTD	C/O COLLAND CARDIFF ASSET MANAGEMENT LLP 29/40 ST JAMES'S PLACE LONDON SW1A 1NS

Signature

print name

DEBORAH BOYCE

capacity

CHIEF OPERATING OFFICER

sign here



date

17/12/2007

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg, a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 60B and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg, if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.