

BABCOCK & BROWN CAPITAL

9th November 2005

ASX Announcement

Please find attached the address given by Babcock & Brown Capital's Chairman, Mr Robert Champion de Crespigny AC, at its Annual General Meeting held today in Sydney at 2pm.

For further information please contact:

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About Babcock & Brown Capital

Babcock & Brown Capital is an Australian-based investment company that focuses on a concentrated portfolio with a flexible investment horizon. It may build positions in domestic and overseas, listed and private entities. Babcock & Brown Capital will focus its efforts and work with the Board and management of these entities to grow their value over time. Investments will be held while they continue to meet the Company's investment objectives. Babcock & Brown Capital listed on the Australian Stock Exchange in February 2005.

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

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Chairman's Address

Babcock & Brown Capital (BBCL) listed on the Australian Stock Exchange on 14th February 2005. The Initial Public Offer raised \$1 billion in share capital, through the issue of 200 million shares with an issue price of \$5, paid to \$2.50, the balance of \$2.50 per share to be paid in February 2006.

BBCL is an investment company managed by a wholly-owned subsidiary of the Babcock & Brown Group.

Due to the Management Company (Babcock & Brown Capital Management Pty Limited) being a subsidiary of Babcock & Brown Limited, which has a large base of foreign employee shareholders, significant Australian investments by BBCL may be subject to the approval of the Foreign Investment Review Board, however this is not perceived to be an issue.

BBCL reported an after tax profit for the year ended 30 June 2005 of \$7.3 million representing earnings per share of 3.6 cents. The net tangible asset (NTA) backing of the company as at 31 October 2005 was \$2.54 post tax. This figure reflects the impact of the recent purchase of a 10.8% stake in the Irish telecommunications company Eircom Group PLC (Eircom) for approximately \$350 million. The Eircom share price as at 31 October was €2.00.

On 2 November, Eircom made an announcement to the London and Irish Stock Exchanges advising that the Eircom:

“had received a preliminary approach from a potential offeror that may or may not lead to an offer being made for the Company.”

Based on this information, the Eircom share price closed at €2.33 overnight.

If the net tangible asset (NTA) backing of BBCL was calculated based on this overnight closing share price of the Eircom, then the NTA would be approximately \$2.75 post tax.

As you can see, the NTA figure may become more volatile moving forward as we are required to mark our investment in Eircom to the market price at the end of each month. This may result in more dramatic movements in our NTA.

It is appropriate to take this opportunity to summarise BBCL's investment criteria. As outlined in the Prospectus released at the time of the IPO and in the 2005 Annual Report, BBCL will focus on a concentrated portfolio of investments with a flexible time horizon. Shareholders should be aware that the Company will continue to hold investments indefinitely provided their values continues to compound at a rate consistent with its investment objectives.

BBCL may build positions in both domestic and overseas companies, including listed and private entities.

In the absence of investment-related announcements being made by BBCL, shareholders should not take the view that the management company is not

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undertaking its responsibilities in identifying potential opportunities with maximum energy and vigour. It is of course inappropriate to advise shareholders of investment opportunities under review, or any other prospective investments being examined for normal commercial reasons.

As stated in the Prospectus at the time of BBCL's IPO, an investment in Babcock & Brown Capital is an investment in the skills and experience of the Babcock & Brown corporate finance team to generate superior long term investment returns.

I know that a number of you will be interested in receiving an update on BBCL's dividend policy. As advised, in the company's 2005 Annual Report, and in accordance with the dividend policy outlined in the Prospectus, the company did not pay a dividend to shareholders for the period to 30 June 2005.

In our Annual Report we also advised that the company will not have a definitive dividend policy until the actual cash flow profile of our investments is understood.

When we have a better understanding of this, a dividend policy will be established.

As I have previously mentioned the BBCL shares are currently partly paid to \$2.50. As per the Prospectus, the second instalment of \$2.50 per share is payable by shareholders on 6 February 2006.

The Prospectus provided that the date of this second instalment can be extended by up to 6 months at the Board's discretion by giving shareholders written notice at least 2 months prior to 6 February 2006.

No decision has been made by the Board at this stage to extend the timing of the payment of the second instalment. However, directors will consider the matter in early December and advise shareholders by the 6th December 2005 if there is to be any extension to the payment date of the second instalment.

The Board is cognisant of providing as much notice as possible to shareholders in relation to any change to the current payment timetable.

End