



***Not for release or distribution, directly or indirectly, in or into the United States, Canada or Japan or to US persons.***

**BABCOCK & BROWN STRUCTURED FINANCE FUND LIMITED**

*(a mutual fund company incorporated with limited liability in Bermuda on  
24 April 2006)*

**OFFERING (THE “OFFERING”) OF ORDINARY SHARES OF PAR  
VALUE S\$0.01 EACH (“SHARES”) IN THE CAPITAL OF BABCOCK &  
BROWN STRUCTURED FINANCE FUND LIMITED (THE “COMPANY”)  
– EXERCISE OF THE OVER-ALLOTMENT OPTION**

The Company wishes to announce that it has received a notice of exercise relating to the exercise of the over-allotment option granted by the Company to UBS AG, acting through its business group, UBS Investment Bank (“**UBS**”) and DBS Bank Ltd (together, the “**Underwriters**”), in connection with the Offering. Pursuant thereto, the Underwriters will subscribe for 21,607,000 new Shares from the Company at S\$1.06 per Share to cover the over-allotment of Shares made in connection with the Offering.

Pursuant to the exercise of the over-allotment option, Babcock & Brown BBSFF Holdings Limited (the “**Vendor**”) will subscribe for 2,399,688 additional new Shares from the Company at S\$1.06 per Share so that it will continue to hold 10.0% of the total number of issued Shares.

The exercise of the over-allotment option and the issue of additional Shares to the Vendor will increase the total number of issued Shares to 383,407,778 Shares. The completion of these transactions is expected to take place on 22 January 2007.

The net proceeds of approximately S\$23.7 million resulting from the exercise of the over-allotment option and the subscription of additional Shares by the Vendor to maintain its 10.0% shareholding will be applied as follows:

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*Sponsorship statement: UBS AG, acting through its business group, UBS Investment Bank was the Issue Manager, Global Co-ordinator, Sole Bookrunner and Financial Adviser of the offering in respect of 323,460,000 ordinary shares of par value S\$0.01 each in the capital of the Company pursuant to the prospectus of the Company dated 12 December 2006.*

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- (i) S\$21.1 million to reduce the amount drawdown under the Company's Debt Facility<sup>1</sup> to S\$76.1 million; and
- (ii) S\$2.6 million to be placed in short term deposits pending further investment by the Company in Babcock & Brown Rail North America LLC to fund the acquisition of BBRX Four which is expected to occur during February 2007. The Company's prospectus dated 12 December 2006 (the "**Prospectus**") indicated that these funds were, to the extent possible, to be applied to increase the economic exposure of the Company to the AGSO Loan Guarantee<sup>2</sup> and then be withdrawn from that exposure when an alternative investment was identified. Owing to the near term expected investment in BBRX Four, a short term exposure to the AGSO Loan Guarantee is not available.

By order of the Board of Directors

Name: Richard Lees Umbrecht

Designation: Director

Date: 11 January 2007

***These materials are not an offer of securities for sale in the United States, Canada or Japan. Securities may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the US Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.***

**ENDS**

**Further Information:**

Peng Lian Wee

Babcock & Brown Securities (Singapore) Pte Ltd

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<sup>1</sup> The US\$96.6 million multi-currency debt facility dated 22 November 2006 entered into between the Company and a syndicate of lenders led by Calyon Australia Limited.

<sup>2</sup> The guarantee to be provided by the Company to AGSO Property Pty Limited set out in the section "Business - Our Assets and Economic Exposures relating to Single Obligor Structured Finance Loans - AGSO Loan Guarantee" in the Prospectus.

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### **About Babcock & Brown Structured Finance Fund Limited**

Babcock & Brown Structured Finance Fund Limited (BBSFF) is a mutual fund company incorporated in Bermuda that provides investors access to a diversified portfolio of assets and economic exposures across three target sectors: operating lease assets, loan portfolio and securitisation assets, and alternative assets.

BBSFF is managed by Babcock & Brown Structured Finance Management Pty Ltd, a wholly-owned subsidiary of Babcock & Brown Limited, a global investment and advisory firm. BBSFF presents investors with an opportunity to invest in Babcock & Brown's first listed fund which will source assets originated and identified by two of the five Babcock & Brown core business units, Operating Lease and Structured Finance.