

UBS AG
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12 January 2007

To: Head of Market Control
Singapore Exchange Securities Trading Limited
2 Shenton Way #19-00
SGX Centre 1
Singapore 068804
Fax no: (65) 6438 4306

Babcock & Brown Structured Finance Fund Limited
Washington Mall I, 3rd Floor
Reid Street, Hamilton HM 11
Bermuda
Attn: Ms Anne Bennett-Smith
Fax no: 1 441 296 1301

Dear Sirs,

Notice Of Substantial Shareholder's Interests/Change in Interests/Cessation of Interests*

1. In accordance with Section 137 of the Securities and Futures Act 2001, I/we hereby notify you that I am/we are a substantial shareholder of the company identified below which is listed on SGX-ST ("listed company") and the particulars of my/our interest(s) in the shareholdings of the listed company are as follows:-

PART I [Please complete this Part]

- | | |
|---|--|
| 1. Date of notice to listed company: | 12/01/2007 |
| 2. Name of <u>Substantial Shareholder</u>: | UBS AG, acting through its business group, UBS Investment Bank |
| 3. Name of listed company: | Babcock & Brown Structured Finance Fund Ltd |

4. Please tick one or more appropriate box(es):

- a New Substantial Shareholder's Interest.
[Please complete Parts II and IV]
- a Change in the Percentage Level of a Substantial Shareholder's Interest or Cessation of Interest.
[Please complete Parts III and IV]

PART II

1. Date of change of interest:	11/01/2007
2. Name of Registered Holder¹ :	UBS AG, acting through its business group, UBS Investment Bank, in respect of shares purchased as part of its price stabilising actions.
3. Circumstance(s) giving rise to the interest or change in interest:	On 11/01/2007, UBS AG, acting through its business group, UBS Investment Bank, has purchased 4,000,000 shares as part of its price stabilising actions effected to stabilise or maintain the market price of the shares in connection with the IPO. The total number of shares purchased under the price stabilising actions is 14,334,000.

4. ²Information relating to shares held in the name of the Registered Holder: -

No. of shares held before the change:	15,434,000
As a percentage of issued share capital:	4.294%
No. of shares which are the subject of this notice:	4,000,000
As a percentage of issued share capital:	1.113%
Amount of consideration (excluding brokerage and stamp duties) per share paid or received:	S\$1.01
No. of shares held after the change:	19,434,000
As a percentage of issued share capital:	5.407%

PART III

- 1. Date of change of interest:** (DD/MM/YYYY)
- 2. The change in the percentage level:** From ____ % to ____ %
- 3. Circumstance(s) giving rise to the interest or change in interest:**
- 4. A statement of whether the change in the percentage level is the result of a transaction or a series of transactions.**

PART IV

1. Holdings of Substantial Shareholder, including direct and deemed interest: -

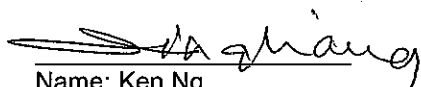
	Direct	Deemed
No. of shares held before the change:	-	15,434,000
As a percentage of issued share capital:	-	4.294%
No. of shares held after the change:	-	19,434,000
As a percentage of issued share capital:	-	5.407%

2. My/our contact details, should you have any queries regarding this Notice and its contents are as follows:-

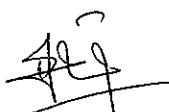
- (a) Telephone number:- 6431 8010
- (b) #Name of contact person:- Ken Ng
- (c) Address:- 5 Temasek Boulevard, #18-00 Suntec Tower Five, Singapore 038985

#To be filled in if substantial shareholder is a company.

Yours faithfully,



Name: Ken Ng
Designation (if applicable): Associate Director
Date: 12 January 2007



Name: Selvi Aman
Designation (if applicable): Associate Director
Date: 12 January 2007

Note :

¹ To fill in the name of registered holder if the shares of the listed company are not registered in the name of the substantial shareholder

² To be filled in **regardless** of whether the shares of listed company are or are not registered in the substantial shareholder's name.

*please delete, whichever is the case