



BABCOCK & BROWN STRUCTURED FINANCE FUND LIMITED¹

SGX Quarterly Report 31 March 2008

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This report is not an offer or invitation for subscription or purchase or recommendation of BBSFF shares. It does not take into account the investment objectives, financial situation and particular needs of an investor. Before making an investment in BBSFF, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Babcock & Brown Structured Finance Management Pty Limited, as manager of BBSFF is entitled to fees for so acting. BBL and its related corporations, together with their officers and directors, may hold shares in BBSFF from time to time.

This financial report has been prepared to enable the directors to comply with their obligations under the Singapore Exchange Securities Trading Limited Listing Rules and where relevant, to satisfy the requirements of the International Financial Reporting Standards. The responsibility for the preparation of the financial report and any financial information contained in this financial report rests solely with the directors of BBSFF.

¹ On 1 May 2008, the Company changed its name from Babcock & Brown Structured Finance Fund Limited to Babcock & Brown Global Investments Limited.

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REVIEW OF BABCOCK & BROWN STRUCTURED FINANCE FUND LIMITED PERFORMANCE

Performance Review

Consolidated net profit after tax for the quarter was S\$75,000, significantly lower than the profit recorded for the first quarter of 2007 which was S\$9.5 million. The significant reduction in net profit after tax was due to an unrealised impairment loss recognised in respect of the Group's investment in Babcock & Brown Air ("B&B Air"). This adjustment is discussed in more detail below.

Excluding the B&B Air adjustment, net profit after tax for the quarter was S\$10.0 million, 5.6% above the prior corresponding period.

The performance of the Group for the quarter has been impacted by the following factors:

- *Impairment loss on the investment in B&B Air*
An impairment loss of US\$7.1 million has been recorded through the Income Statement due to the fact that there has been a significant and prolonged diminution in the share price of B&B Air since its listing in September 2007. Included within the US\$7.1 million is US\$5.0 million relating to the adjustment in the prior period which has been recycled from equity to the Income Statement. Importantly, this adjustment is an unrealised accounting adjustment which does not affect cash economic income or dividends to Shareholders.
- *Exit from AGSO Loan Guarantee*
On 18 March 2008, the Group exited from its investment in the AGSO Loan Guarantee. The exit resulted in a prepayment fee of A\$630,000 being paid to the Group which has been recorded in revenue for the period.
- *Mark-to-market reductions*
A mark-to-market reduction of S\$4.9 million has been recognised in equity during the quarter. This reduction represents approximately 1.0% of total assets and has resulted from marking the Available for Sale financial assets (other than B&B Air) to their current market values, reflecting current market conditions. The reduction is an unrealised accounting adjustment which is not expected to be realised given the total expected returns when acquiring the assets are still expected to be realised in full.

Consolidated Income Statement

From an Income Statement perspective, total revenue was higher than internal projections as a result of the continued strong economic income being received from the portfolio of investments and the prepayment fee received in respect of the exit from the investment in the AGSO Loan Guarantee.

A net positive market value adjustment has been recorded on the Company's distribution hedges. This has resulted from the United States dollar and the British pound weakening against the Singapore dollar during the quarter. The positive adjustment was recorded through other operating income in the Income Statement.

Finance costs were higher this quarter compared with the last quarter of last year due to higher debt funding costs as a result of the widening of credit spreads during the quarter.

The impairment loss of US\$7.1 million relating to the investment in B&B Air was recorded through other operating expenses in the Income Statement.

All other Income Statement line items are generally in line with internal projections for the quarter.

INVESTMENT PORTFOLIO

BBSFF was incorporated in Bermuda on 24 April 2006 and was subsequently registered as a mutual fund company. BBSFF was formed to invest in a diversified group of assets and economic exposures around the world.

The Group's investment portfolio at 31 March 2008 comprised the following assets and economic exposures:

OPERATING LEASE ASSETS

Babcock & Brown Aircraft Lessor No. 2 ("BBAL 2")

The Group owns two Boeing 757-200 aircraft leased to First Choice Airways Ltd. The two leases mature on 30 April 2013 and have fixed monthly rentals over the lease periods with a step-up in monthly rentals on 1 May 2008.

Class A membership interest in BBRNA ("BBRNA")

BBRNA is a United States limited liability company formed to aggregate a number of North American railcar investments managed or owned by the Babcock & Brown Group. The Group has a 41.5% interest in BBRNA which currently owns a portfolio of over 13,500 railcars on lease in North America.

Babcock & Brown Air Limited ("B&B Air")

Babcock & Brown Air Limited is a Bermuda exempted company which has been listed on the New York Stock Exchange. It has a portfolio of commercial aircraft which are leased to commercial airlines. The Group holds 1,051,010 Babcock & Brown Air Limited shares, which are subject to an escrow arrangement.

Investment in Babcock & Brown Rail Investments Limited ("CBRail")

Babcock & Brown Rail Investments Limited ("BBRIL") is a Guernsey company that owns CBRail Leasing S.a.r.l. ("CBRail Group"), an operating lessor based in Luxembourg. The Group has acquired a beneficial interest in 35% of BBRIL which currently owns a portfolio of 3 passenger train fleets, over 30 locomotives and 100 freight wagons.

LOAN PORTFOLIO AND SECURITISATION ASSETS

Ancora – Pepper Securitisation No. 2 Investment ("Pepper 2")

Pepper 2 is a securitisation vehicle which owns Australian non-conforming residential mortgage loans originated by Pepper Home Loans Pty Limited. The Group has invested in the non-rated note and the senior net interest margin ("NIM") note.

Ancora – Pepper Securitisation No. 3 Investment ("Pepper 3")

Pepper 3 is a securitisation vehicle which owns Australian non-conforming residential mortgage loans originated by Pepper Home Loans Pty Limited. The Group has invested in the non-rated note and the senior NIM note.

Ancora – Provident Cashflow Limited ("PCL")

PCL is a revolving purchase facility provided to specialty inventory financier, Provident Cashflow Limited ("Provident"). Under the facility, the Group purchases loan receivables originated by Provident. The purchased loans are loans Provident has made to its customers, typically small to medium sized enterprises for the purpose of purchasing inventory.

Ancora – Seiza Warehouse Note Investment (“Seiza”)

Seiza is an investment in a warehouse vehicle which owns Australian residential and commercial mortgages originated by Seiza Mortgage Company Pty Limited, (“the Seiza Group”). The Group has invested in the Class F, Class G and NIM notes.

Ancora – Seiza Augustus 2007-1 Trust (“Seiza Augustus”)

Seiza Augustus is a securitisation vehicle which owns Australian commercial and residential mortgage loans originated by the Seiza Group. The Group has invested in the Class G notes and NIM notes.

Mortgages plc Securitisation Investment (“Mortgages”)

Mortgages plc is a United Kingdom based originator of non-confirming mortgages. The Group has invested in 50% of two classes of certificates issued by Newgate Funding 2006-3 plc which is a securitisation vehicle owning non-confirming mortgages originated by Mortgages plc.

Paradox Capital LLC – Subordinated Loan (“Paradox”)

The Group has invested in a loan to Paradox Funding LLC which is a United States limited liability company. The proceeds are used by the Paradox group to make or purchase loans secured by intellectual property owned by corporate borrowers located in the United States and Europe. The Paradox loan is expected to be fully repaid by 30 June 2008.

Avoca VI CLO Investment (“Avoca VI”)

Avoca VI is a European collateralised loan obligation (“CLO”) vehicle which is managed by Avoca Capital Holdings (“Avoca”). The Group has invested in the subordinated note issued by Avoca VI which is secured by collateral consisting of European senior secured and second lien loans.

Avoca VII CLO Investment (“Avoca VII”)

Avoca VII is a European CLO vehicle which is managed by Avoca. The Group has invested in the Class B notes and the subordinated note in Avoca VII. The Avoca VII notes are secured by collateral consisting of European senior secured, second lien and mezzanine loans.

ALTERNATIVE ASSETS**Paramount Mezzanine Loan (“Paramount”)**

The Group has invested in a secured subordinated loan to Royal Palm Paramount Bay LLC which is being used to fund the development of an ultra-luxury condominium development project in Miami Florida in the United States.

Music Copyright Assets (“Music Assets”)

The Group has invested in music copyright interests in over 1,800 musical compositions, including 18 No.1 songs and over 90 top 40 hits. A total of 28 catalogues have been acquired including the master sound recording copyrights and publishing copyrights of 1970’s glam rock band and composer T.Rex / Marc Bolan, prolific Grammy award winning writer Rick Nowels (including hit songs written for Stevie Nicks, Belinda Carlisle, Madonna, Dido, Ronan Keating, Jewel, Santana, Anita Baker, Young Radicals, and Celine Dion), 1990’s British dance group Right Said Fred (world wide hit I’m too Sexy), 1980’s British pop group Wang Chung (hits including Everybody Have Fun Tonight; Dance Hall Days) and other songwriter catalogues including the hit songs Holiday by Madonna, Kokomo by The Beach Boys, Run To You by Whitney Houston, and Gonna Make You Sweat (Everybody Dance Now) and Things That Make You Go Hmmm by C&C Music Factory.

ECONOMIC OUTLOOK

Macroeconomic conditions will be a key determinant of the performance of a number of BBSFF's existing investments and will be a consideration in determining where future investments are made. The equity and debt markets have experienced significant volatility during the quarter stemming from the sub-prime issues in the United States. This has led to increased uncertainty in the global economy and a number of the sectors in which the Group has invested.

United States ("US")

General economic conditions in the US have weakened during the quarter with a further softening of consumer spending, continued weakening in the housing and labour markets, and a further slowdown in residential and commercial construction. Credit conditions are tight and financial markets continue to remain under considerable stress. These factors are expected to put pressure on economic growth over the coming quarters. In acknowledgement of the deteriorating economic conditions, the Federal Reserve has cut the federal funds rate by 225 basis points to the current rate of 2.00%, and has expanded its securities lending program in an attempt to add liquidity to the financial markets. The Federal Administration has introduced a substantial economic stimulus package to try to encourage economic growth. These initiatives are yet to result in stability and confidence returning to the market.

United Kingdom ("UK")

The UK is being impacted by the worsening global conditions with a softening of the housing sector and reduced consumer confidence. The British pound has decreased significantly against the Euro reaching a record low during the quarter. This is due to UK growth prospects worsening, reduced M&A activity, and a further decline in the current account deficit. House prices fell during the quarter and this trend may continue throughout the remainder of the year. While core inflation is reducing, headline Inflation is running above the target rate resulting in upward pressure on interest rates. However, the Bank of England considers the downside risk to growth to outweigh the short-term inflationary pressures and moved to cut the official bank rate by 50 basis points to the current rate of 5.00%. Further rate cuts have not been ruled out as pressure on economic growth continues. Liquidity in UK markets is at low levels as market confidence continues to fall.

Mainland Europe

Economic growth in mainland Europe is forecasted to continue moderating in 2008 according to current data. Wage concerns appear to be the main obstacle for a rate cut. A slowing economy and moderating job growth will prevent a major acceleration in wages. It is expected that in the second quarter the ECB may reduce rates.

Australia

Australian economic growth is expected to moderate during the course of 2008. Recent unemployment data confirmed the unemployment rate continues to be at record low levels and further wage rises are considered likely. This is fuelling inflationary pressures with the April inflation data being considerably higher than the target set by the Reserve Bank of Australia. The official cash rate set by the Reserve Bank was increased by 50 basis points during the quarter to the current rate of 7.25% and, in light of the recent inflation data, commentators are divided on whether there will be a further rate rise in the coming months. Strong economic growth, low unemployment, real wages growth, tax cuts and a general shortage of housing are all factors which are expected to keep upward pressure on interest rates. On the down side, continued interest rate increases, together with additional rate rises imposed by the major banks in Australia, have put payment pressure on certain segments of the market. The equity and debt markets are taking their confidence from global markets rather than purely domestic indications of a surging economy, and are therefore volatile, with liquidity constraints in the debt markets also potentially serving to slow demand.

BUSINESS OUTLOOK

TARGETED ASSET CLASSES

Operating Lease Assets

Over the past quarter, conditions in the aviation market remain favourable driven by robust passenger demand particularly in Asia, where the continued tight supply of aircraft and surging fuel costs, has resulted in increasing lease rates and aircraft values for younger fuel efficient aircraft. IATA forecasts air passenger traffic to increase at an annual average growth rate of 5.1% between 2007 and 2011. The increasing trend amongst global airlines to shift their aircraft requirements from ownership to operating leases continues to offer BBSFF opportunities for growth, either directly through the purchase of aircraft or indirectly through the performance of B&B Air which has a portfolio of commercial aircraft leased to commercial airlines.

The market is not expecting a dramatic fluctuation in either values or revenues from freight car rolling stock in North America in 2008. The softer US economy combined with the fact of a decline in overall new freight car orders and the general reduction in back logs, may have a short-term cyclical impact on the industry. However, demand for younger higher capacity fleets remains strong and the leasing market continues to gain ground as a method by which freight forwarders will access equipment. In an attempt to alleviate urban congestion and pollution, highway tolls are steadily rising and this trend along with the surging fuel costs is increasing the cost advantage of rail over road transportation.

The European rail leasing market is progressing positively driven by concessions given to market participants, government funding constraints and growth in rail passenger volume. An increased number of private operators are entering into the market for both freight and passenger services and similarly, public rail companies are expanding their international activities. The political and user sentiment for rail in Europe remains very positive with high and rapidly increasing congestion in production, further increasing the back log for new freight car orders. In relation to environmental concerns, in particular the high level of freight on European roads, are gaining momentum in support of rail.

Alternative Assets

The music publishing industry continues to grow in size and investor understanding. BBSFF believes that greater institutional investment in the sector is a positive development, with the potential over time to generate increased demand for the asset class.

The market for single obligor structured loans remains active, resultant from the continued relatively strong business cycle and the tightening of available leverage in the buy out market – and the virtual elimination of second lien loans. Investments in this sector are opportunistic, but very abundant.

Loan Portfolio and Securitisation Assets

BBSFF's exposure to this sector is limited to the Australian and European securitisation markets.

In Australia, economic conditions remain sound. Growth in housing prices is expected to moderate but remain well supported by continued strong employment conditions, strong wage growth, personal tax cuts and forecasted record shortages in housing supply over the next few years.

With a slow down in house price growth and uncertain economic conditions in the UK, BBSFF will only make further investment in the UK mortgage sector when accretive opportunities exist subject to market conditions and risk assessment. House prices have softened over the first quarter and are forecast by most to continue to soften slightly over 2008 and remain flat through 2009. Any declines, however, should be viewed in the

context of the significant price rises over recent years that have provided support to the investments that BBSFF currently has in this market.

While market conditions for European leverage loans remain technically difficult with a large overhang of underwritten loans and ongoing difficult capital markets resulting in declining secondary market prices, the company fundamentals continue to be sound for most European leverage loans. Defaults are expected to remain low as most European leverage loans in general face low required amortisation levels through to 2011, have sound company fundamentals and face absolute levels of interest that are low. BBSFF believes that economic conditions in Europe remain conducive to sound performance and over the course of first quarter 2008, the credit performance of borrowers has been strong.

CONSOLIDATED INCOME STATEMENT

| | Group Quarter ended 31 Mar 08 S\$'000 | Group Year to date 31 Mar 08 S\$'000 | Group Quarter ended 31 Mar 07 S\$'000 | Group Year to date 31 Mar 07 S\$'000 |
|--|--|---|--|---|
| Revenue | | | | |
| Distribution income | - | - | 637 | 637 |
| Dividend income | 734 | 734 | - | - |
| Interest income | 10,337 | 10,337 | 9,251 | 9,251 |
| Rental income | 1,327 | 1,327 | 1,451 | 1,451 |
| Guarantee fee income | 1,630 | 1,630 | 1,223 | 1,223 |
| Net foreign exchange gains | 2,306 | 2,306 | 1,805 | 1,805 |
| Royalty income | 1,785 | 1,785 | - | - |
| Other operating income | 662 | 662 | 256 | 256 |
| Total revenue | 18,781 | 18,781 | 14,623 | 14,623 |
| Expenses | | | | |
| Management fees | (1,031) | (1,031) | (1,341) | (1,341) |
| Depreciation and amortisation | (907) | (907) | (430) | (430) |
| Finance costs | (5,179) | (5,179) | (2,742) | (2,742) |
| Other operating expenses | (10,881) | (10,881) | (612) | (612) |
| Total expenses | (17,998) | (17,998) | (5,125) | (5,125) |
| Share of gain / (loss) in equity accounted investment | (746) | (746) | - | - |
| Profit before tax | 37 | 37 | 9,498 | 9,498 |
| Income tax benefit / (expense) | 38 | 38 | (45) | (45) |
| Profit after tax | 75 | 75 | 9,453 | 9,453 |
| Basic earnings per share (cents per share) | 0.02 | 0.02 | 2.50 | 2.50 |
| Diluted earnings per share (cents per share) | 0.02 | 0.02 | 2.50 | 2.50 |

CONSOLIDATED BALANCE SHEET

| | Group As at 31 March 08 S\$'000 | Group As at 31 Dec 07 S\$'000 | Company As at 31 Mar 08 S\$'000 | Company As at 31 Dec 07 S\$'000 |
|--|--|--|--|--|
| Assets | | | | |
| Cash and cash equivalents ¹ | 72,036 | 126,471 | 44,787 | 27,015 |
| Available for sale financial assets | 101,150 | 116,082 | - | - |
| Loans and receivables | 145,780 | 148,439 | - | - |
| Guarantee fees receivable | 795 | 4,971 | - | - |
| Aircraft | 39,222 | 41,266 | - | - |
| Investment in subsidiary | - | - | 319,672 | 333,291 |
| Equity accounted investments | 55,254 | 74,989 | - | - |
| Intangible assets – music copyright assets | 75,589 | 80,522 | - | - |
| Deferred tax assets | 8,297 | 2,909 | - | - |
| Other assets | 2,006 | 1,107 | 2,656 | 5,151 |
| Total assets | 500,129 | 596,756 | 367,115 | 365,457 |
| Liabilities | | | | |
| Guarantee fees payable | - | 4,774 | - | - |
| Interest bearing liabilities | 199,037 | 245,788 | 31 | 13 |
| Intercompany payable | - | - | 15,757 | 2,161 |
| Other liabilities | 10,754 | 36,812 | 1,347 | 24,694 |
| Total liabilities | 209,791 | 287,374 | 17,135 | 26,868 |
| Net assets attributable to shareholders | 290,338 | 309,382 | 349,980 | 338,589 |
| Shareholders equity | 290,338 | 309,382 | 349,980 | 338,589 |
| Net assets per share (\$ per share) | 0.75 | 0.79 | 0.90 | 0.87 |

¹ Cash and cash equivalents for the Group as at 31 March 2008 includes S\$44.3 million of short-term deposits used to support cash-backed letters of credit in connection with the Ancora commercial paper program.

STATEMENT OF CASH FLOWS

| | Group Quarter ended 31 Mar 2008 S\$'000 | Group Year to date 31 Mar 2008 S\$'000 | Group Quarter ended 31 Mar 2007 S\$'000 | Group Year to date 31 Mar 2007 S\$'000 |
|---|--|---|--|---|
| Cash flows from operating activities | | | | |
| Operating costs | (836) | (836) | (2,113) | (2,113) |
| Interest income | 10,341 | 10,341 | 7,513 | 7,513 |
| Guarantee fee income | 1,022 | 1,022 | 1,538 | 1,538 |
| Distribution income | 1,391 | 1,391 | 833 | 833 |
| Dividend income | 587 | 587 | - | - |
| Rental income | 420 | 420 | 438 | 438 |
| Royalty income | 2,678 | 2,678 | - | - |
| Net cash inflow from operating activities | 15,603 | 15,603 | 8,209 | 8,209 |
| Cash flows from investing activities | | | | |
| Investment in equity accounted investments | (314) | (314) | - | - |
| Purchase of intangible assets | (2,146) | (2,146) | (43,501) | (43,501) |
| Purchase of financial assets | (12,271) | (12,271) | (51,503) | (51,503) |
| Loan repayments received | 19,251 | 19,251 | 23,615 | 23,615 |
| Net cash inflow / (outflow) from investing activities | 4,520 | 4,520 | (71,389) | (71,389) |
| Cash flows from financing activities | | | | |
| Proceeds from issue of ordinary shares | - | - | 25,268 | 25,268 |
| Net (repayments of) / proceeds from borrowings | (45,707) | (45,707) | 81,401 | 81,401 |
| Capital raising costs | - | - | (1,713) | (1,713) |
| Borrowing costs paid | (4,298) | (4,298) | (1,670) | (1,670) |
| Dividends paid | (23,258) | (23,258) | - | - |
| Net cash (outflow) / inflow from financing activities | (73,263) | (73,263) | 103,286 | 103,286 |
| Net (decrease) / increase in cash and cash equivalents | (53,140) | (53,140) | 40,106 | 40,106 |
| Cash and cash equivalents at beginning of year / period | 126,471 | 126,471 | 64,953 | 64,953 |
| Effects of exchange rate changes on cash and cash equivalents | (1,295) | (1,295) | 700 | 700 |
| Cash and cash equivalents at end of year / period | 72,036 | 72,036 | 105,759 | 105,759 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Changes in shareholders equity of the Group for the quarter ended 31 March 2008 | Share capital and reserves S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Total S\$'000 | Group Quarter ended 31 Mar 2007 S\$'000 |
|---|---------------------------------------|------------------------------|---------------------------------|------------------|--|
| Total equity at the beginning of the period | 306,132 | 30,563 | (27,313) | 309,382 | 303,810 |
| Profit for the period | - | 75 | - | 75 | 9,453 |
| Available for sale financial assets revaluation reserve | 2,358 | - | - | 2,358 | - |
| Equity accounting reserve | (9,888) | - | - | (9,888) | - |
| Foreign currency translation reserve | - | - | (13,025) | (13,025) | (3,712) |
| Total recognised income for the period | (7,530) | 75 | (13,025) | (20,480) | 5,741 |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Issue of share capital | - | - | - | - | 25,447 |
| Issue of share capital – reinvestment of management fees | 1,436 | - | - | 1,436 | 157 |
| Dividend for the period | - | - | - | - | - |
| Transaction costs | - | - | - | - | (1,725) |
| Total equity at the end of the period | 300,038 | 30,638 | (40,338) | 290,338 | 333,430 |

| Changes in shareholders equity of the Group for the year to date ended 31 March 2008 | Share capital and reserves S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Total S\$'000 | Group Period ended 31 Mar 2007 S\$'000 |
|--|---------------------------------------|------------------------------|---------------------------------|------------------|---|
| Total equity at the beginning of the year/ period | 306,132 | 30,563 | (27,313) | 309,382 | 303,810 |
| Profit for the period | - | 75 | - | 75 | 9,453 |
| Available for sale financial assets revaluation reserve | 2,358 | - | - | 2,358 | - |
| Equity accounting reserve | (9,888) | - | - | (9,888) | - |
| Foreign currency translation reserve | - | - | (13,025) | (13,025) | (3,712) |
| Total recognised income for the year/period | (7,530) | 75 | (13,025) | (20,480) | 5,741 |
| Transactions with equity holders in their capacity as equity holders: | | | | | |
| Issue of share capital | - | - | - | - | 25,447 |
| Issue of share capital – reinvestment of management fees | 1,436 | - | - | 1,436 | 157 |
| Dividend for the year/period | - | - | - | - | - |
| Transaction costs | - | - | - | - | (1,725) |
| Total equity at the end of the year/period | 300,038 | 30,638 | (40,338) | 290,338 | 333,430 |

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

| Changes in shareholders equity of the Company for the quarter ended 31 March 2008 | Share capital and reserves S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Company | |
|---|---------------------------------------|------------------------------|---------------------------------|------------------|---|
| | | | | Total S\$'000 | Quarter ended 31 Mar 2007 S\$'000 |
| Total equity at the beginning of the period | 390,503 | (21,730) | (30,184) | 338,589 | 356,440 |
| Profit for the period | - | 24,115 | - | 24,115 | 111 |
| Foreign currency translation reserve | - | - | (14,160) | (14,160) | (4,219) |
| Total recognised income for the period | - | 24,115 | (14,160) | 9,955 | (4,108) |
| Transactions with equity holders in their capacity as equity holders: | - | - | - | - | - |
| Issue of share capital | - | - | - | - | 25,447 |
| Dividend for the period | - | - | - | - | - |
| Issue of share capital – reinvestment of management fees | 1,436 | - | - | 1,436 | 157 |
| Transaction costs | - | - | - | - | (1,725) |
| Total equity at the end of the period | 391,939 | 2,385 | (44,344) | 349,980 | 376,211 |

| Changes in shareholders equity of the Company for the year to date ended 31 March 2008 | Share capital and reserves S\$'000 | Retained earnings S\$'000 | Translation reserves S\$'000 | Company | |
|--|---------------------------------------|------------------------------|---------------------------------|------------------|--|
| | | | | Total S\$'000 | Period ended 31 Mar 2007 S\$'000 |
| Total equity at the beginning of the year/period | 390,503 | (21,730) | (30,184) | 338,589 | 356,440 |
| Profit for the period | - | 24,115 | - | 24,115 | 111 |
| Foreign currency translation reserve | - | - | (14,160) | (14,160) | (4,219) |
| Total recognised income for the period | - | 24,115 | (14,160) | 9,955 | (4,108) |
| Transactions with equity holders in their capacity as equity holders: | - | - | - | - | - |
| Issue of share capital | - | - | - | - | 25,447 |
| Dividend for the period | - | - | - | - | - |
| Issue of share capital – reinvestment of management fees | 1,436 | - | - | 1,436 | 157 |
| Transaction costs | - | - | - | - | (1,725) |
| Total equity at the end of the year/period | 391,939 | 2,385 | (44,344) | 349,980 | 376,211 |

ACCOUNTING POLICIES APPLICATION

Accounting policies and methods of computation applied in preparation of these figures that are not stated in this report are the same as those used in the most recently audited annual financial statements of the Group and the Company.

DIVIDENDS

The 2007 final dividend of 6.00 Singapore cents per ordinary share in respect of the period from 1 July 2007 to 31 December 2007 was paid on 14 March 2008.

| | Final dividend 2007 |
|----------------------------------|--------------------------------|
| Ordinary shares | |
| Dividends per share (cents) | 6.00 |
| Dividends paid/declared (\$'000) | 23,258 |

As the Company was incorporated in Bermuda and is not resident in Singapore for tax purposes, dividends paid by the Company will be regarded as foreign-source income for Singaporean tax resident recipients.

Foreign dividends are subject to Singapore income tax when received in Singapore by corporate shareholders.

Foreign dividends received by foreign investors with no permanent establishment in Singapore are generally not subject to Singapore income tax.

Foreign-sourced dividends received by individuals in Singapore (whether resident or otherwise) are exempt from Singapore income tax unless these dividends are received via partnerships.

Neither Singapore nor Bermuda currently imposes withholding tax on dividends paid to non-Singapore or non-Bermudan tax resident shareholders.

CHANGES IN SHARE CAPITAL

On 20 February 2008 1,785,794 new shares were issued to AGSO Property Pty Ltd ATF Babcock & Brown Prime Broking Trust, the nominee of the Manager, in satisfaction of the Base Management Fee for the quarter ended 31 December. Following the issuance of the new ordinary shares, the total shares in issue was 389,415,960.

NET ASSET VALUE

| | Group As at 31 Mar 08 S\$'000 | Group As at 31 Dec 07 S\$'000 | Company As at 31 Mar 08 S\$'000 | Company As at 31 Dec 07 S\$'000 |
|--|--|--|--|--|
| Net asset value | | | | |
| Total net asset value (\$'000) | 290,338 | 309,382 | 349,980 | 338,589 |
| Total number of ordinary shares on issue used in calculation of net asset value per share ('000) | 389,416 | 387,630 | 389,416 | 387,630 |
| Net asset value per ordinary share (\$ per share) | 0.75 | 0.79 | 0.90 | 0.87 |

Net asset value per ordinary share is derived by dividing the net assets as disclosed in the balance sheet of the Group as at 31 March 2008 by the number of ordinary shares on issue as at 31 March 2008.

EARNINGS PER SHARE

| | Group Quarter ended 31 Mar 08 S\$'000 | Group Year to date 31 Mar 08 S\$'000 | Group Quarter ended 31 Mar 07 S\$'000 | Group Year to date 31 Mar 07 S\$'000 |
|---|--|---|--|---|
| Basic earnings per share | | | | |
| Earnings used in calculation of basic earnings per share (S\$'000) | 75 | 75 | 9,453 | 9,453 |
| Weighted average number of shares on issue used in calculation of basic earnings per share ('000) | 388,435 | 388,435 | 377,822 | 377,822 |
| Basic earnings per share (cents per share) | 0.02 | 0.02 | 2.50 | 2.50 |
| Diluted earnings per share | | | | |
| Diluted earnings used in calculation of diluted earnings per share (\$'000) | 75 | 75 | 9,453 | 9,453 |
| Weighted average number of shares on issue used in calculation of diluted earnings per share ('000) | 389,494 | 389,494 | 377,958 | 377,958 |
| Diluted earnings per share (cents per share) | 0.02 | 0.02 | 2.50 | 2.50 |

INTEREST BEARING LIABILITIES

| | Group As at 31 Mar 2008 S\$'0000 | Group As at 31 Dec 2007 S\$'0000 |
|--|---|---|
| Term loans ¹ | 67,101 | 110,520 |
| Commercial paper notes ² | 131,936 | 135,268 |
| Total interest bearing liabilities | 199,037 | 245,788 |
| Amount repayable in one year or less, or on demand | 134,034 | 179,386 |
| Amount repayable after one year | 65,003 | 66,402 |
| Total interest bearing liabilities | 199,037 | 245,788 |
| Amount secured | 199,037 | 245,788 |
| Amount unsecured | - | - |
| Total interest bearing liabilities | 199,037 | 245,788 |

¹ The term loans are secured against the two Boeing 757-200 aircraft leased to First Choice Airways Ltd and the music copyright catalogues held by the Group.

² Under the LC Procurement Agreement dated 27 October 2006, between BBSFF and Ancora Group, BBSFF has agreed to procure letters of credit from a bank rated A1+ by Standard & Poor's to support the commercial paper program which the Ancora group has established.

AUDIT OR REVIEW

The figures in this quarterly report have not been audited or reviewed by the external auditor, PricewaterhouseCoopers.

SUBSEQUENT EVENTS

CBRail Capital Contribution

On 28 April 2008, in satisfaction of its original commitment the Company invested a further EUR1.211 million in BBRIL, a European rail operating lessor. The Company continues to hold a beneficial interest of 35% in BBRIL.

Name Change

Subsequent to the Shareholder approval at the Company's Annual General Meeting held on 24 April 2008, the Company's name has been changed from Babcock & Brown Structured Finance Fund Limited to Babcock & Brown Global Investments Limited with effect from 1 May 2008. The name of the Manager of the Company has also been changed from Babcock & Brown Structured Finance Management Pty Limited to Babcock & Brown Global Investments Management Pty Limited.

CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

On behalf of the Board of Directors of Babcock & Brown Structured Finance Fund Limited, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 March 2008 to be false or misleading in any material respect.

On behalf of the Board of Directors



Richard Umbrecht
Director
13 May 2008



Tara Railton
Director
13 May 2008