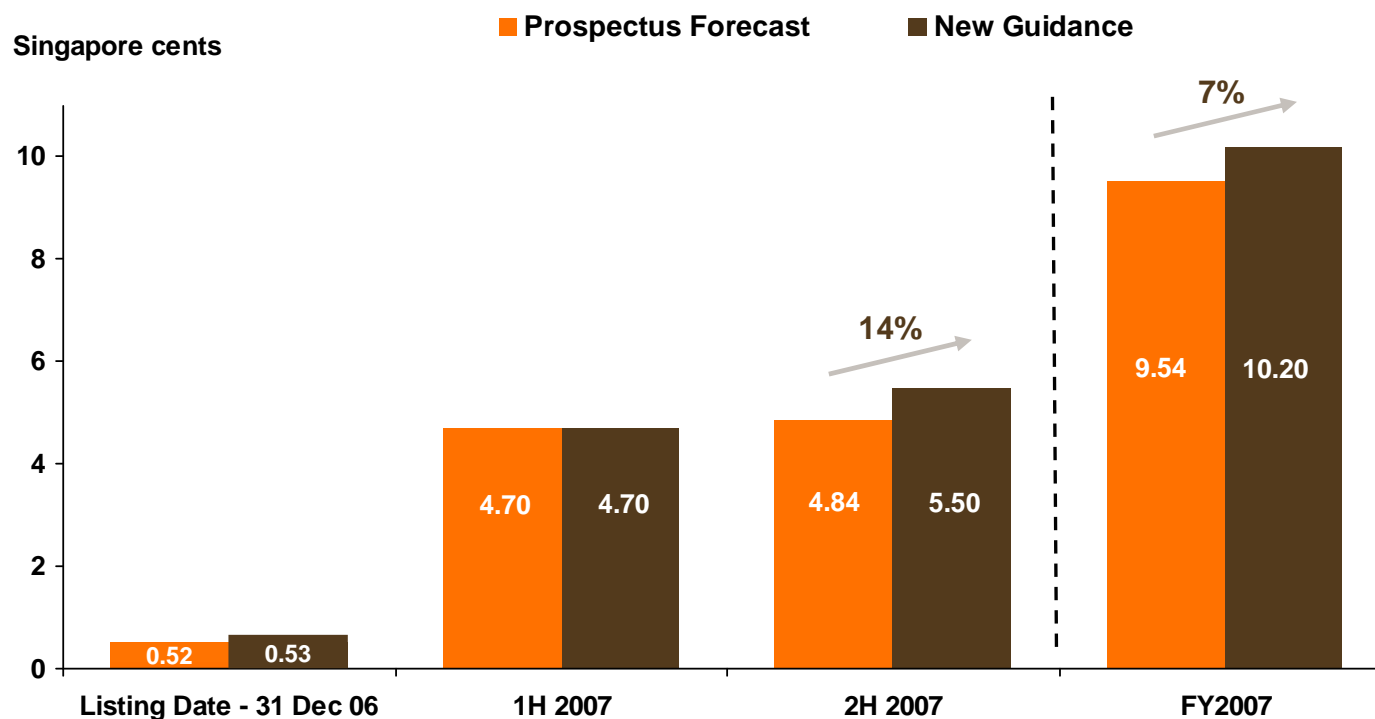


Babcock & Brown Structured Finance Fund Limited

Dividend Outlook for 2007
15 May 2007

INCREASE IN 2007 DIVIDEND GUIDANCE

Dividends per Share

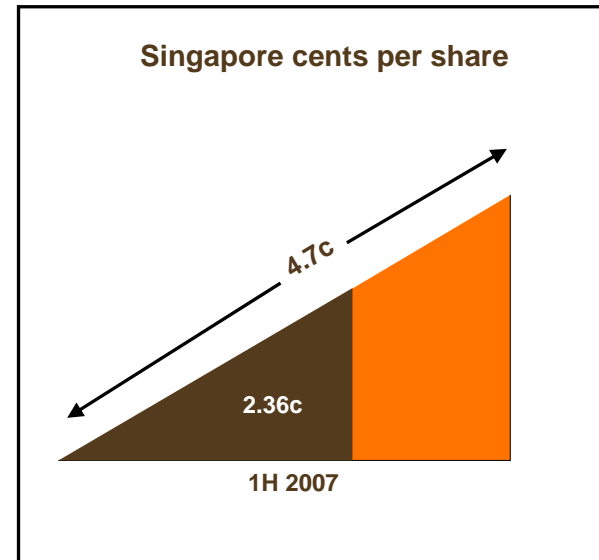


2007 dividend yield assuming the issue price of S\$1.06 based on upgraded guidance is 9.6% (ignoring 0.53 cents referable to 2006 Full Year).

1H 2007 DIVIDEND PROJECTION

➔ **Confirmation of dividend projection of 4.70 Singapore cents per share for the 6 months ending 30 June 2007**

➔ **2.36 Singapore cents per share has been earned in Q1¹**

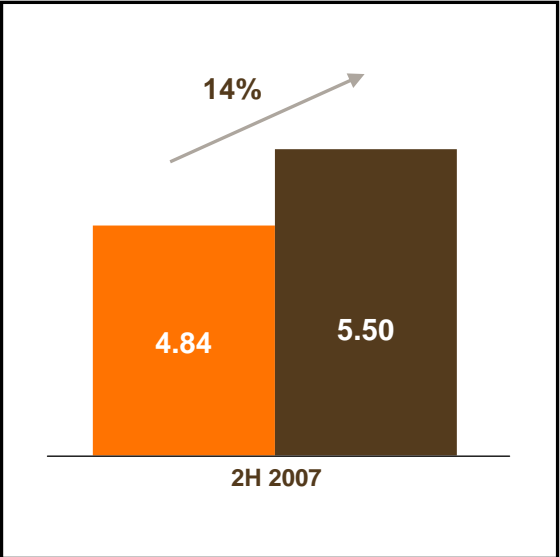


¹ Number includes accrued income for investments which has not yet been received.

INCREASE IN 2007 DIVIDEND GUIDANCE






Increase in second half dividend guidance is expected to be driven by:

- Continued strong performance of investments acquired at IPO
- New accretive investments acquired since IPO



Expected increase in second half 2007 dividend guidance is NOT dependent or adversely affected by possible disposition of Class B membership interest in JET-i Holdings LLC.

NEW ACCRETIVE INVESTMENTS

	Investment	Description
Operating Lease Assets		
	BBRNA	A fourth portfolio of railcars owned by BBRNA
Loan Portfolio & Securitisation Assets		
	PEPPER 6	Securitisation entity owning secured residential mortgages
	SEIZA AUGUSTUS TERM SECURITISATION	Securitisation entity owning secured residential and commercial mortgages
	AVOCA VII CLO	Securitisation entity owning European collateralised loans
Alternative Assets		
	MUSIC COPYRIGHT ASSETS	Investment in close to 1,000 musical compositions

INVESTMENT DETAILS

Investment	Acquisition Price (base currency)	% of BBSFF's Portfolio as at 20 April 2007	Accretive Investment
BBRNA	US\$6.7 million	2%	✓
PEPPER 6	A\$23.5 million	6%	✓
SEIZA AUGUSTUS TERM SECURITISATION	A\$14.5 million	4%	✓
AVOCA VII CLO	€\$15.0 million	6%	✓
MUSIC COPYRIGHT ASSETS	US\$28.1 million	5%	✓

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Thankyou

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