



## SGX-ST/Media Release

15 May 2007

### **BBSFF'S FIRST QUARTER PERFORMANCE STRONG; INCREASE IN 2007 DIVIDEND GUIDANCE**

#### Highlights:

- Babcock & Brown Structured Finance Fund Limited ("BBSFF" or "the Company") recorded a profit after tax of S\$9.5 million for the first quarter of 2007 ("1Q 2007").
- The Manager's acquisition growth strategy is already being realised. The value of the Company's total investment portfolio has grown by more than 20% from its listing in December 2006 to the date of this announcement.
- The Company confirms its dividend guidance of 4.70 Singapore cents<sup>1</sup> for the first half of 2007. The Company increases its dividend guidance for the full financial year ending 31 December 2007 by 7% to 10.20 Singapore cents per share.

BBSFF today reported a profit after tax of S\$9.5 million for 1Q 2007 on higher-than-expected revenue of S\$14.6 million.

If foreign exchange translation gains of S\$1.8 million were eliminated, the adjusted profit figure of S\$7.7 million would represent more than a quarter or 28% of the Company's 2007 full year profit after tax projection of S\$27.2 million<sup>1</sup>.

Mr Richard Umbrecht, Executive Chairman of BBSFF said: "We are very pleased that BBSFF has performed strongly in its first full quarter of operations since its public listing in December last year. We have had growth in our portfolio across all the Company's three asset classes,

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<sup>1</sup> As detailed in BBSFF's Listing Prospectus dated 12 December 2006.

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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 BBSFF pursuant to the prospectus of BBSFF dated 12 December 2006.*

namely, operating lease assets, loan portfolio and securitisation assets and alternative assets, demonstrating the healthy and stable cash flows which can be generated from investments in each of these asset classes.”

“Reflecting the strength of these financial results, we are reaffirming our dividend projection of 4.70 Singapore cents per share<sup>1</sup> for the first half of 2007. Together with the already announced intended dividend of 0.53 Singapore cents per share relating to the period from BBSFF’s listing to 31 December 2006, this results in a total distribution of 5.23 Singapore cents per share for the period from the listing date to 30 June 2007,” Mr Umbrecht added.

The Manager intends to recommend to the Board that it declare the dividend from the listing date to 30 June 2007 in the second quarter of 2007.

<b>Summary of results for 1Q 2007</b>	
	Actual
Total Revenue (S\$’000)	14,623
Profit After Tax (S\$’000)	9,453
Total Net Asset Value (S\$’000)	333,430
Net Asset Value per Share	S\$0.87

Note:

- No comparisons against a corresponding period in the previous year can be made as no pro forma financials are available.

### **Increase in 2007 full-year dividend guidance**

“The Company’s investments are performing very well,” said Ms Sylvia Wiggins, Managing Director of the Manager of BBSFF. “The Company is raising its dividend guidance for 2007 by 7% to 10.20 Singapore cents per share, as we now expect the Company’s second half earnings to be significantly higher than projected, owing to the accretive investments which have been acquired by the Company since listing and the expectation of continued strong performance from the initial investment portfolio.”

The Company’s new guidance for the second half 2007 dividend is now at least 5.50 Singapore cents – an increase of 0.66 Singapore cents compared to Prospectus guidance<sup>1</sup>.

“The increase in dividend guidance reflects the value of the accretive acquisitions made by the Company since listing and the Manager’s and Company’s continued confidence in the growth of BBSFF’s investments across the three asset classes. The Company is committed to rewarding

its shareholders with attractive dividends while continuing to strive to achieve capital growth,” said Ms Wiggins.

Based on the upgraded full-year dividend guidance and assuming the issue price of S\$1.06, BBSFF’s dividend yield is 9.6%.

### **Early progress in acquisition growth strategy**

Since its listing in December 2006, BBSFF has grown its investment portfolio to more than S\$470 million, representing growth of greater than 20% from the date of listing to the date of this announcement. New accretive investments have been made across each of the three asset classes, as follows:

<b>Asset Class</b>	<b>Investment Name</b>	<b>Description</b>	<b>Investment Amount</b>
Operating Lease Assets	Class A membership interest in BBRNA	A fourth portfolio of railcars being acquired by BBRNA	US\$6.7 million
Loan Portfolio and Securitisation Assets	Ancora – Pepper Securitisation No. 3 Investment	Securitisation entity owning secured residential mortgages	A\$23.5 million
Loan Portfolio and Securitisation Assets	Avoca VII CLO Investment	Securitisation entity owning European collateralised loans	Euro 15.0 million
Loan Portfolio and Securitisation Assets	Ancora – Seiza Augustus Term Securitisation Investment	Securitisation entity owning secured residential and commercial mortgages	A\$14.5 million
Alternative Assets	Music Copyright Assets	Investment in close to 1,000 musical compositions	US\$17.0 million

In addition, since 31 December 2006, the Company was released from certain of its letter of credit obligations in respect of Ancora – Pepper Securitisation No. 1 Investment (A\$5.0m) and Ancora – NFAL Guarantee Investment (A\$2.5m). Both releases were anticipated in the Company’s Prospectus.

### **Financing and risk management**

During the first quarter, BBSFF increased its Corporate Debt Facility to enable the recently acquired investments to be debt funded. The Manager

will continue to utilise available capital resources efficiently to fund future growth.

### **Outlook**

“The Company has started 2007 on a very solid footing and the outlook for the rest of the year is, in our view and that of the Company, particularly favourable,” said Ms Wiggins. “We will continue to tap into BBSFF’s strategic investment relationships with asset originators, from both within and outside the Babcock & Brown Group, to seek accretive assets for the Company’s portfolio. One of the key priorities is to deliver growing returns to BBSFF’s shareholders.”

### **ENDS**

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

(<http://www.bbstructuredfinance.com>)

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 sources assets originated and identified by two of the five Babcock & Brown’s core business units, Operating Lease and Structured Finance.