



To: 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<sup>1</sup>**

1. In accordance with Bye-Law 98 of the Bye-Laws of Babcock & Brown Structured Finance Fund Limited, a mutual fund company incorporated with limited liability in Bermuda on 24 April 2006 and listed on the SGX-ST ("**listed company**"), we hereby notify you that we are a substantial shareholder of the listed company and the particulars of our deemed or direct interest(s) in the shareholdings of the listed company are set out below.

**PART I**

- |                                        |                                                 |
|----------------------------------------|-------------------------------------------------|
| 1. Date of notice to listed company:   | 21/12/2006                                      |
| 2. Name of Substantial Shareholder(s): | PMA Capital Management Limited                  |
| 3. Name of listed company:             | Babcock & Brown Structured Finance Fund Limited |

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



Notice of a New Substantial Shareholder's Interest [Please complete Parts II and IV]



Notice of 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:              | 20/12/2006                           |
| 2. Name of Registered Holder <sup>2</sup> : | The Central Depository (Pte) Limited |

<sup>1</sup> Please delete as appropriate.

<sup>2</sup> To fill in the name of the registered holder if the shares of the listed company are not registered in the name of the substantial shareholder.



3. Circumstance(s) giving rise to the interest or change in interest: Initial public offering

4. Information<sup>3</sup> relating to shares held in the name of the Registered Holder: -

No. of shares held before the change:	0
As a percentage of issued share capital:	0%
No. of shares which are the subject of this notice:	29,160,375
As a percentage of issued share capital:	8.11%
Amount of consideration (excluding brokerage and stamp duties) per share paid or received:	SGD\$1.06
No. of shares held after the change:	29,160,375
As a percentage of issued share capital:	8.11%

**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**

Holdings of Substantial Shareholder(s), including direct and deemed interest: -

	Direct	Deemed
No. of shares held before the change:	NIL	0
As a percentage of issued share capital:	0%	0%
No. of shares held after the change:	NIL	29,160,375
As a percentage of issued share capital:	0%	8.11%

<sup>3</sup> To fill in the **regardless** of whether the shares of the listed company are or are not registered in the substantial shareholder's name.



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

Telephone number:- 852-3102 7538  
Name of contact person:- Raymond Wong  
Address:- 6/F ICBC Tower, 3 Garden Road, HONG KONG

Yours faithfully,  
**PMA Capital Management Limited**

A handwritten signature in black ink, appearing to read 'Raymond Wong', is written over a horizontal line.

Name: Raymond Wong  
Designation:  
Date: 21 December 2006