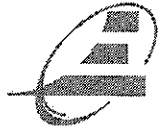


EVEREST BABCOCK & BROWN

Everest Babcock & Brown Limited · ABN 42 112 480 145
Level 35 AMP Centre · 50 Bridge Street · Sydney NSW 2000 Australia
T +61 2 8001 9100 · F +61 2 8001 9200 · www.everest.com.au



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

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: | 20/12/2006 |
| 2. Name of Substantial Shareholder(s) (including certain persons who are substantial shareholders by virtue of their deemed interest(s) pursuant to Bye-Law 98 of the Bye-Laws of the listed company): | Everest Babcock & Brown Limited |
| 3. Name of listed company: | Babcock & Brown Structured Finance Fund Limited |

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

Notice of a New Substantial Shareholder's Interest

Notice of a Change in the percentage level of a Substantial Shareholder's Interest or Cessation of Interest

PART II

1. Date of change of interest: 20/12/2006
2. Name of Registered Holder¹: The Central Depository (Pte) Limited
3. Circumstance(s) giving rise to the interest or change in interest: Purchase of shares

4. Information² 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:	26,973,347
As a percentage of issued share capital:	7.5%
Amount of consideration (excluding brokerage and stamp duties) per share paid or received:	1.06
No. of shares held after the change:	26,973,347
As a percentage of issued share capital:	7.5%

¹ 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.

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

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PART III

1. Date of change of interest: N/A
2. The change in the percentage level: N/A
3. Circumstance(s) giving rise to the interest or change in interest: N/A
4. A statement of whether the change in the percentage level is the result of a transaction or a series of transactions.

N/A

PART IV

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

	Direct	Deemed
No. of shares held before the change:	0	0
As a percentage of issued share capital:	0	0
No. of shares held after the change:	0	26,973,347
As a percentage of issued share capital:	0	7.5%

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

Telephone number:-	+61 2 8001 9100
Name of contact person:-	Jeremy Reid
Address:-	Level 35 AMP Centre 50 Bridge St Sydney NSW 2000

Yours faithfully,



Name: *Jeremy Reid*
Designation: CEO/Managing Director
Date: *21 December 2006*