

BABCOCK & BROWN

Babcock & Brown Limited · ABN 53 108 614 955
Level 23 The Chifley Tower · 2 Chifley Square · Sydney NSW 2000 Australia
T +61 2 9229 1800 · F +61 2 9231 5619 · www.babcockbrown.com



22 October 2007

To: Babcock & Brown Structured Finance Fund Limited
Washington Mall I, 3rd Floor
Reid Street, Hamilton HM 11
Bermuda

Attn: Ms Ayotola Jagun
Fax no: 1 441 296 1301

Dear Sirs,

Notice of New Substantial Shareholder's Interests and Cessation 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: | 22 October 2007 |
| 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): | Babcock & Brown Limited Babcock & Brown International Pty Limited Babcock & Brown Investment Holdings Pty Limited Babcock & Brown Australia Group Pty Ltd Babcock & Brown Securities Pty Ltd B&B Prime Securities Pty Limited (" BBPS ") Babcock & Brown Australia Pty Ltd Babcock & Brown Transaction Holdings Pty Ltd Babcock & Brown Transactions Pty Ltd AGSO Property Pty Ltd (as trustee for Babcock & Brown Prime Broking Trust) (" AGSO ") |
| 3. Name of listed company: | Babcock & Brown Structured Finance Fund Limited (" BBSFF ") |

Sydney
Melbourne
Brisbane
Auckland
Vancouver
San Francisco
San Diego
Dallas
Houston
Toronto
New York
Greenwich
Dublin
Madrid
London
Paris
Luxembourg
Milan
Munich
Rome
Vienna
Johannesburg
Doha
Kuala Lumpur
Singapore
Hong Kong
Tokyo

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:** 19 October 2007
- 2. Name of Registered Holder:** The Central Depository (Pte) Limited ("CDP")
- 3. Circumstance(s) giving rise to the interest or change in interest:** Transfer of shareholding in BBSFF from Babcock & Brown Structured Finance Management Pty Ltd ("BBSFM") and BBPS to AGSO. A restructure of wholly-owned holding companies within the Babcock & Brown Limited group necessitates the transfer of shareholding in BBSFF from BBSFM and BBPS to AGSO.
- 4. Information relating to shares held in the name of the Registered Holder: -**

*Please note that the information provided in this section 4 relates to AGSO. The Registered Holder is CDP.

| | |
|---|------------|
| No. of shares held before the change: | NIL |
| As a percentage of issued share capital: | 0% |
| No. of shares which are the subject of this notice: | 41,124,725 |
| As a percentage of issued share capital: | 10.6488% |
| Amount of consideration (excluding brokerage and stamp duties) per share paid or received: | S\$0.98 |
| No. of shares held after the change: | 41,124,725 |
| As a percentage of issued share capital: | 10.6488% |

BABCOCK & BROWN

PART III

*Please note that the information provided in this Part III relates to BBPS

- 1. Date of cessation of interest:** 19 October 2007
- 2. The change in the percentage level:** From 9.9279% to 0%
- 3. Circumstance(s) giving rise to the interest or change in interest:** Transfer of shareholding in BBSFF from BBPS to AGSO. A restructure of wholly-owned holding companies within the Babcock & Brown Limited group necessitates the transfer of shareholding in BBSFF from BBPS to AGSO.
- 4. A statement of whether the change in the percentage level is the result of a transaction or a series of transactions.**

The change in percentage level of BBPS shareholding in BBSFF is the result of a single transaction, i.e. the transfer of BBPS' entire interest in BBSFF to AGSO.

PART IV

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

- 1. In relation to AGSO Property Pty Ltd (as trustee of Prime Broking Trust) (New Substantial Shareholders Interest)**

Name of Substantial Shareholder: Babcock & Brown Limited

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: Babcock & Brown International Pty Ltd

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

BABCOCK & BROWN

Name of Substantial Shareholder: Babcock & Brown Australia Group Pty Ltd

| | Direct | Deemed |
|--|--------|------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: Babcock & Brown Australia Pty Ltd

| | Direct | Deemed |
|--|--------|------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: Babcock & Brown Transaction Holdings Pty Ltd

| | Direct | Deemed |
|--|--------|------------|
| No. of shares held before the change: | NIL | NIL |
| As a percentage of issued share capital: | 0% | 0% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: Babcock & Brown Transactions Pty Ltd

| | Direct | Deemed |
|--|--------|------------|
| No. of shares held before the change: | NIL | NIL |
| As a percentage of issued share capital: | 0% | 0% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

BABCOCK & BROWN

Name of Substantial Shareholder: **AGSO Property Pty Ltd (as trustee of Prime Broking Trust)**

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | NIL |
| As a percentage of issued share capital: | 0% | 0% |
| No. of shares held after the change: | 41,124,725 | NIL |
| As a percentage of issued share capital: | 10.6488% | 0% |

2. In relation to B&B Prime Securities Pty Ltd (Cessation of Interest)

Name of Substantial Shareholder: **Babcock & Brown Limited**

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: **Babcock & Brown International Pty Ltd**

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

BABCOCK & BROWN

Name of Substantial Shareholder: Babcock & Brown Australia Group Pty Ltd

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | 41,124,725 |
| As a percentage of issued share capital: | 0% | 10.6488% |

Name of Substantial Shareholder: Babcock & Brown Securities Pty Ltd

| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | NIL | 38,340,778 |
| As a percentage of issued share capital: | 0% | 9.9279% |
| No. of shares held after the change: | NIL | NIL |
| As a percentage of issued share capital: | 0% | 0% |

Name of Substantial Shareholder: B&B Prime Securities Pty Ltd

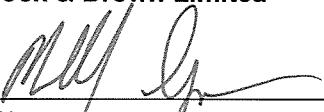
| | Direct | Deemed |
|---|---------------|---------------|
| No. of shares held before the change: | 38,340,778 | NIL |
| As a percentage of issued share capital: | 9.9279% | 0% |
| No. of shares held after the change: | NIL | 0 |
| As a percentage of issued share capital: | 0% | 0% |

BABCOCK & BROWN

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

Telephone number:- 61-2-9216-1739
Name of contact person:- Emma Yim
Address:- Level 23, The Chifley Tower
2 Chifley Square, Sydney, NSW 2000, Australia

Yours faithfully,
Babcock & Brown Limited



Name:
Designation: Director
Date: 22 OCTOBER 2007