

Babcock & Brown Structured Finance Fund Limited

2007 Third Quarter Results

Period ended 30 September 2007

14 November 2007

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AGENDA

1. Highlights

2. Q3 2007 Financial Results
3. Portfolio Update
4. Outlook

Highlights

Q3 HIGHLIGHTS

The strong performance for the quarter has been driven by the following significant factors:

1H Assets commence income

Assets purchased in 1H 2007 are now producing cash economic income available for distribution

Further increase in the Ancora-Seiza Warehouse Note Investment

Procured an additional A\$13.5 million in letters of credit for Ancora

Continued strong performance across all asset classes

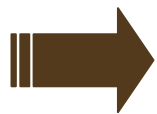
All investments have continued to perform in line with internal forecasts and a number of investments have performed above forecast

Divestment in JET-i

Capital profit of US\$15.8 million, i.e. 102%

Divestment in North American Biofuels Loan Facility

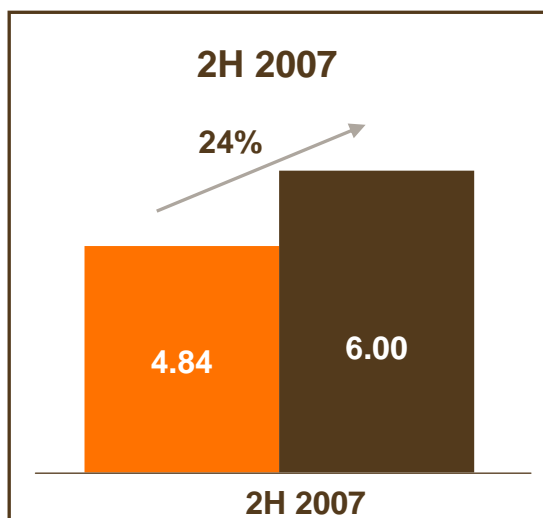
Gain of approximately US\$340,000



Delivering Returns to Shareholders

ANOTHER DIVIDEND UPGRADE

2007 Dividend Growth of 12.0% over Prospectus Forecast



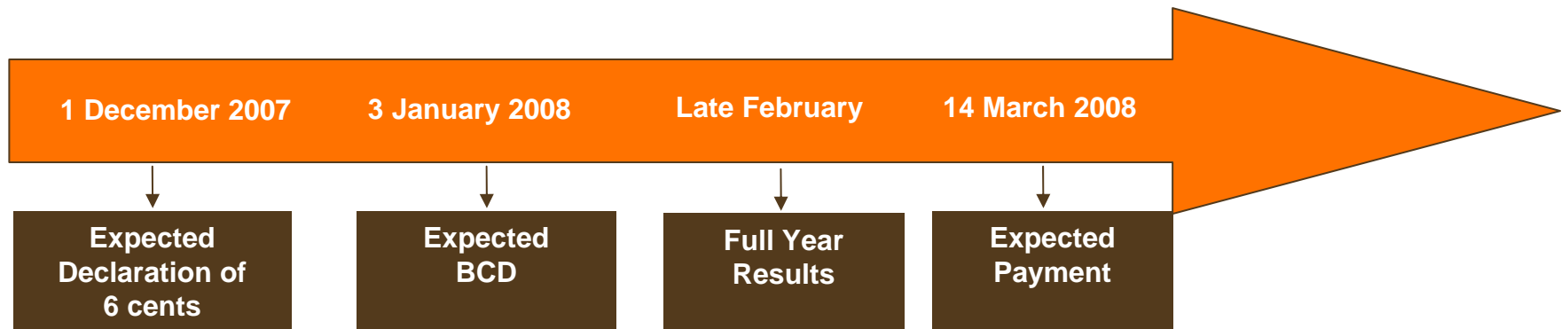
- 2H 2007 Dividend – second increase to 6 cps
- Total 2007 dividend is 1.16 cps over Prospectus Projections

Increase is driven by:

- Continued strong performance of investments acquired at IPO
- New accretive investments acquired since IPO starting to deliver cash economic income

Increase in second half 2007 dividend guidance was NOT a result of the monetisation of the Class B membership interest in JET-i Holdings LLC and is NOT a distribution of capital profit. It is a distribution of cash economic income from the portfolio of assets and economic exposures owned by BBSFF.

DIVIDEND TIMETABLE



➤ **2008 Dividends are expected to be paid earlier than 2007 Dividends.**

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Q3 2007 Financial Results

KEY FINANCIAL DATA - QUARTER ENDED 30 SEP 2007

1	Total Revenue	⇒ S\$19.4 million
2	Net profit after tax	⇒ S\$12.5 million
3	Earnings per share	⇒ 3.23 cents per Share
4	Net asset value	⇒ 90.0 cents per Share
5	Gearing	⇒ approx S\$143m of corporate debt facility used at 30 September 2007
6	Economic Income	⇒ greater than expected allowing increase in 2H 2007 dividend guidance



CONSOLIDATED BALANCE SHEET

Balance Sheet	Group as at 30 Sep 07 S\$'000	Group as at 31 Dec 06 S\$'000	Change S\$'000
Assets			
Cash and cash equivalents	108,613	64,953	43,660
Available for sale financial assets	238,114	123,728	114,386
Loans and receivables	146,217	148,866	(2,649)
Guarantee fee receivable	6,020	7,659	(1,639)
Aircraft	43,118	45,551	(2,433)
Investment in equity accounted investment	48,713	48,953	(240)
Intangible assets – music copyright assets	46,308	-	46,308
Deferred tax assets	2,277	1	2,276
Other assets	243	1,587	(1,344)
Total Assets	639,623	441,298	198,325
Liabilities			
Guarantee fees payable	5,802	9,748	(3,946)
Interest bearing liabilities	229,263	127,737	101,526
Deferred tax liabilities	126	3	123
Payable to Babcock & Brown Air Limited	54,088	-	54,088
Other liabilities	3,698	-	3,698
Total Liabilities	292,977	137,488	155,489
Net assets attributable to shareholders	346,646	303,810	42,836
Shareholders equity	346,646	303,810	42,836

CONSOLIDATED INCOME STATEMENT

Income Statement	Group for the quarter ended 30 Sep 07 S\$'000	Group year to date 30 Sep 2007 S\$'000
Revenue		
Distribution income	653	1,794
Interest income	12,279	33,629
Rental income	1,435	4,354
Guarantee fee income	1,232	3,554
Net foreign exchange gains	2,701	9,883
Other operating income	1,092	2,199
Total Revenue	19,392	55,413
Expenses		
Management fees	1,453	4,369
Depreciation and amortisation	726	1,882
Finance costs	5,056	12,486
Other operating expenses	115	1,720
Total Expenses	7,350	20,457
Share of profit/ (loss) in equity accounted investment	727	(939)
Profit before tax	12,769	34,017
Income tax (expense) / benefit	(300)	203
Profit after tax	12,469	34,220
Basic earnings per share (cents per share)	3.23	8.95
Diluted earnings per share (cents per share)	3.23	8.93

IMPACT OF THE GLOBAL CREDIT MARKET DISRUPTION ON BBSFF

Financial Considerations

- No BBSFF assets are impaired
- Cash economic income for the quarter ended and for the year to date are above internal projections
- Impact on any BBSFF borrowings
 - No requirement to lodge collateral
 - No change in margins
 - No impact on covenant compliance
 - CP rolled, with slight increase in margin (i.e. cost of A\$20,000) at the height of the liquidity crisis.

NO ECONOMIC IMPACT AS A RESULT OF GLOBAL CREDIT MARKET DISRUPTION

IMPACT OF THE GLOBAL CREDIT MARKET DISRUPTION ON BBSFF (cont)

Accounting Considerations

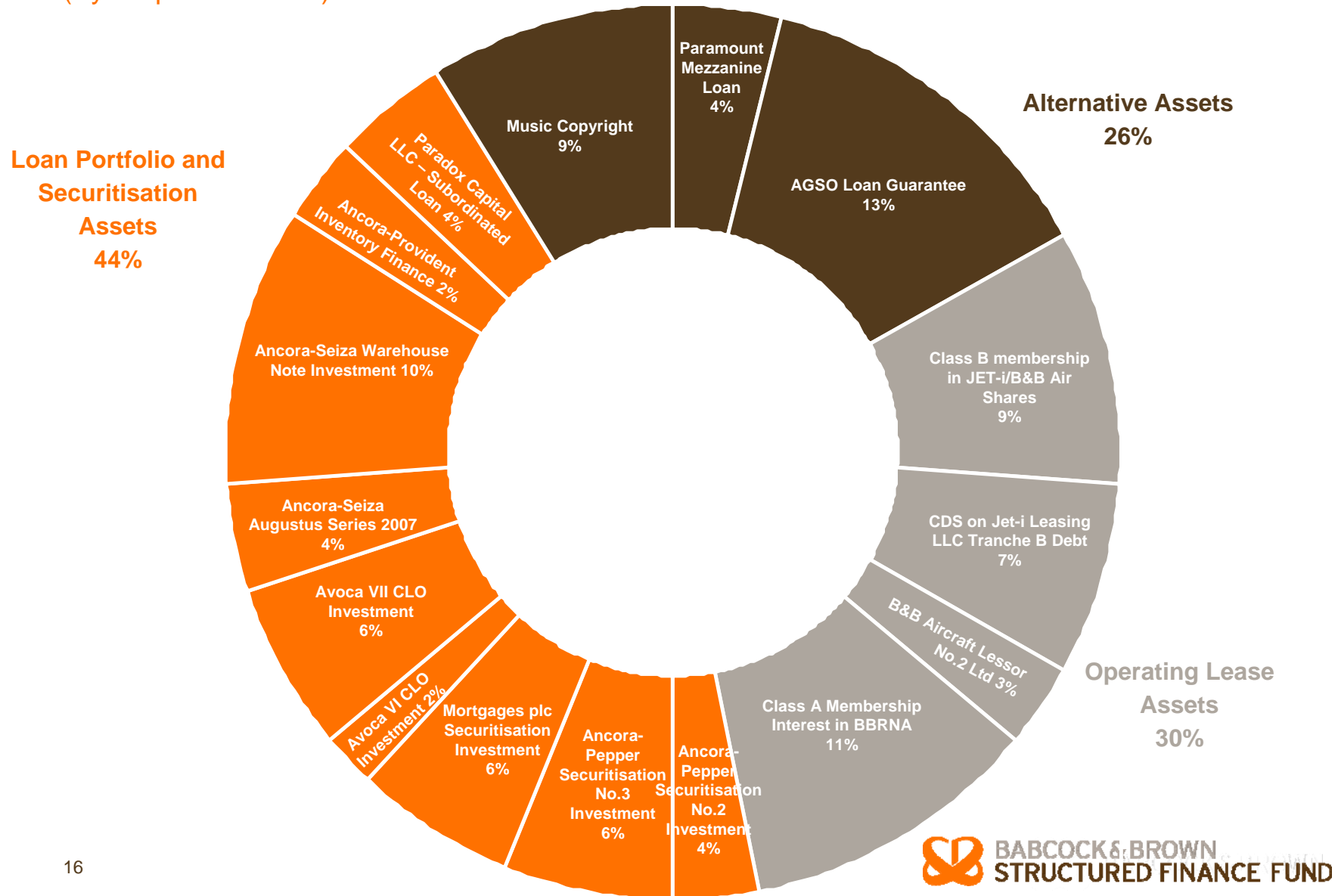
- MTM change in value of a number of assets where credit spreads have widened. The total MTM valuation change is S\$8.5 million on total assets of S\$640 million (1.36%)
- Importantly:
 - **MTM changes are not write-offs and do not affect the income statement or earnings**
 - MTM changes go through equity
 - MTM changes are not expected to be realised
 - No impairment – BBSFF expects to receive its originally anticipated returns, and has received more than its originally expected cash economic income.

BBSFF pays dividends by reference to cash economic income which must be received prior to the dividend payment date, i.e., real cash received by BBSFF which is income (not capital or unrealised profits)

Portfolio Update

PORTFOLIO COMPOSITION AS AT 30 SEP 2007

(By Acquisition Price)



PORTFOLIO PERFORMANCE SUMMARY

In summary as at today:

- BBSFF has received at least its originally anticipated cash economic income from all assets and expects to receive more than its anticipated cash economic income from a number of assets for 2H 2007 and expects to receive its originally anticipated cash economic income in 2008;
- BBSFF does not believe that the long term value of any of its assets is impaired;
- BBSFF does not have any short term finance in place which needs to be refinanced which requires additional collateral to be posted;
- BBSFF has no investments in, or exposure to the US sub-prime market. It has never had any investment in that sector;
- BBSFF's portfolio of investments, including expressly its loan portfolio and securitisation asset ("LPSA") portfolio and the Paramount Mezzanine Loan have performed in accordance with BBSFF's expectations, and based on the information available to it today, are expected to continue to perform in line with expectations;
- As a long term holder of assets which is not required to sell, but can do so opportunistically, the widening of credit spreads does not affect the expected overall returns to BBSFF from its investment portfolio; and
- BBSFF has cash available for investment.

Q3 DIVESTMENTS



Class B membership interest JET-i Holdings

- Capital Gain of US\$15.8m on an investment of US\$15.4 million i.e. 102% capital profit
- Expected sale of B&B Air Shares in 2008, upon expiry of the escrow period. Such B&B Air Shares have a quarterly dividend payment reflecting an annual yield of 8.7% in USD



North American Biofuels Loan Facility

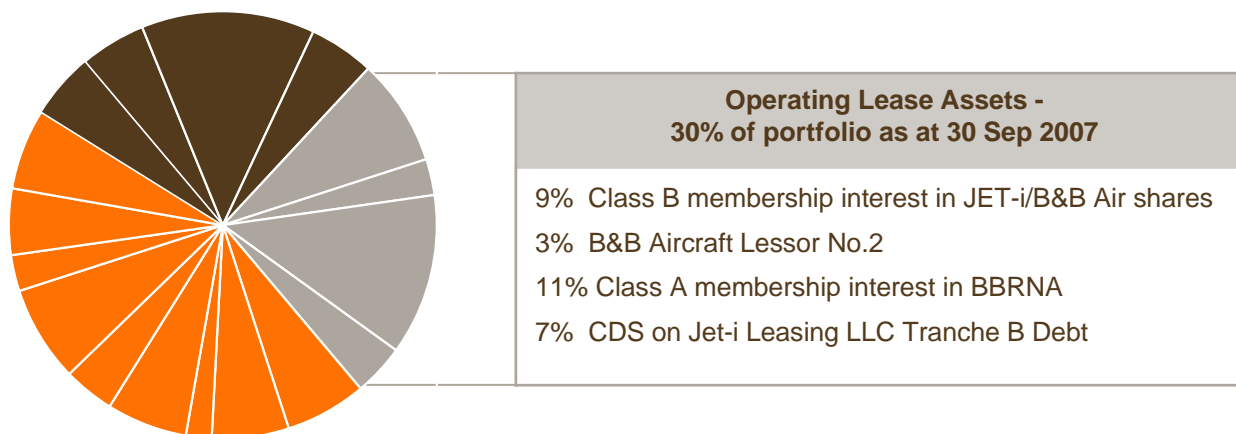
- Sold for full value
- Exits BBSFF from a volatile sector

OPERATING LEASE ASSETS

Operating Lease Assets					
	Description	Acquisition Date	Acquisition Price (Base Currency \$ million)	Acquisition Price ¹ (S\$ million)	
	Class B membership interest in JET-i/ B&B Air	Aircraft	IPO & 27 September 2007	USD 31.3	46.6
	B&B Aircraft Lessor No.2	Aircraft	IPO	USD 10.8	16.1
	Class A membership interest in BBRNA	Rail	IPO & 6 April 2007	USD 38.6	57.6
	CDS on Jet-i Leasing LLC Tranche B Debt	Aircraft	IPO	USD 24.9	37.1

¹ Based on exchange rates at 30 Sep 2007

BBSFF Portfolio – as at 30 Sep 2007



- Loan Portfolio & Securitisation Assets
- Alternative Assets
- Operating Lease Assets

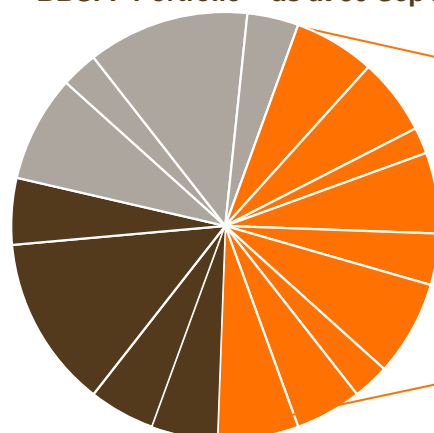


LOAN PORTFOLIO & SECURITISATION ASSETS

Loan Portfolio and Securitisation Assets				
	Description	Acquisition Date	Acquisition Price (Base Currency \$ million)	Acquisition Price ¹ (\$ million)
Ancora–Pepper Securitisation No.2 Investment	AU residential property	IPO	AUD 13.3	17.4
Ancora–Pepper Securitisation No.3 Investment	AU residential property	26 Mar 2007	AUD 23.4	30.8
Ancora–Provident Inventory Finance	Inventory Financing	IPO	AUD 11.3	14.8
Ancora–Seiza Augustus Series 2007	AU res & comm property	23 Apr 2007	AUD 14.7	19.3
Ancora–Seiza Warehouse Note Investment	AU res & comm property	IPO	AUD 37.8	49.7
Mortgages plc Securitisation Investment	UK residential property	IPO	GBP 10.1	30.3
Paradox Capital LLC – Subordinated Loan	Intellectual Property Loans	IPO	USD 15.0	22.4
Avoca VI CLO Investment	Collateralised EU loan obligations	IPO	EUR 4.0	8.4
Avoca VII CLO Investment	Collateralised EU loan obligations	5 Apr 2007	EUR 15.2	32.1

¹ Based on exchange rates dated 30 Sep 2007

BBSFF Portfolio – as at 30 Sep 2007



- Loan Portfolio & Securitisation Assets
- Alternative Assets
- Operating Lease Assets

Loan Portfolio & Securitisation Assets – 44% of portfolio as at 30 Sep 2007

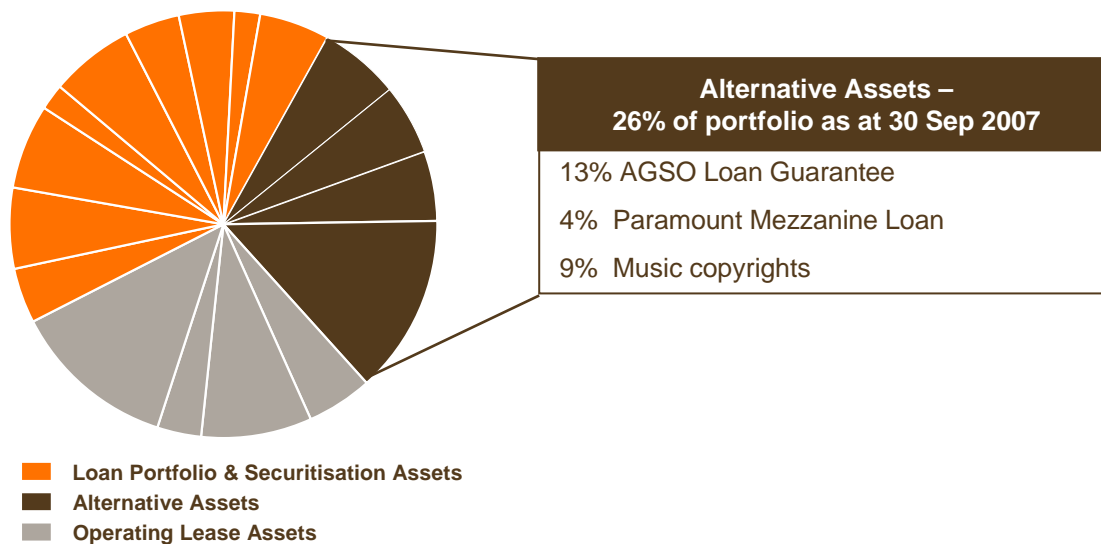
3% Ancora-Pepper Securitisation No.2 Investment	6% Mortgages plc Securitisation Investment
6% Ancora-Pepper Securitisation No.3 Investment	4% Paradox Capital LLC – Subordinated Loan
3% Ancora-Provident Inventory Finance	2% Avoca VI CLO Investment
4% Ancora-Seiza Augustus Series 2007	6% Avoca VII CLO Investment
10% Ancora-Seiza Warehouse Note Investment	

ALTERNATIVE ASSETS

Alternative Assets				
	Description	Acquisition Date	Acquisition Price (Base Currency \$ million)	Acquisition Price ¹ (S\$ million)
AGSO Loan Guarantee	Share margin facility	IPO	AUD 50.0	65.7
Paramount Mezzanine Loan	US property development loan	IPO	USD 15.0	22.4
Music copyrights	Music catalogues	15 March & 2 April 2007	USD 30.7	45.8

¹ Based on exchange rates dated 30 Sep 2007

BBSFF Portfolio – as at 30 Sep 2007



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Outlook

MACROECONOMIC OUTLOOK

United States

- Slowdown continues – recession not considered likely by commentators, but housing sector in decline
- US rates were lowered by 75bps since September to create liquidity and try to stimulate economic activity
- Labour market remains tight, which acts as counter to recessionary tendencies
- Government debt remains high

United Kingdom

- Economic activity remains strong
- Housing price gains continue after a strong prior 12 months, but growth may be lower in coming period
- BOE criticised over inaction in credit market disruption which could lead to activity in coming months

Mainland Europe

- Unemployment lowest in two decades
- Most indicators point to continuing, but more moderate economic growth
- Additional interest rate rises may occur in 2H 2007, subject to liquidity issues. ECB was at front of liquidity crisis

Australia

- Economy continues to exhibit strength, consumer confidence at record highs, underlying inflation is above the Reserve Bank's recommendations and rates rose by 0.25% in November, with some commentators expecting a further rise in December
- House price appreciation shown across all states, but slow down in growth in commodity rich areas
- Unemployment at recent record lows
- Federal election in late November, with change in government possible could impact economic planning going forward

COMPANY OUTLOOK

2007 Dividend Guidance

- Further increase in 2H 2007 dividend guidance to 6.00 cents per share delivering investors a yield of 11.6% per annum (based on share price at S\$0.92 on 13 November 2007)
- 12% dividend growth in first year of operation
- Policy of delivering cash economic income to Shareholders

2008 Dividend Guidance

2008 dividends are guided to be at least 10.20 cents per share

Growth

Growth in gross investment value and returns are expected to continue

Capital Management

Strong capital management philosophy to ensure assets are appropriately funded

Pipeline

Strong pipeline of attractive investment opportunities expected to close in 2007, which are anticipated to provide cash economic income available for distribution in 2008

Robust business model, clear strategy and strong foundation to continue delivery of stable and growing cash flows and capital growth

THANK YOU



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