



SGX-ST Release

26 December 2006

BABCOCK & BROWN STRUCTURED FINANCE FUND LIMITED – ACQUISITION OF INTEREST IN BABCOCK & BROWN RAIL NORTH AMERICA LLC

On 22 December 2006, Babcock & Brown Structured Finance Fund Limited (the “Company”) acquired, through its wholly owned subsidiaries, a 49.5% Class A membership interest in Babcock & Brown Rail North America LLC (“BBRNA”) for US\$31.9 million. Owing to increased leverage being available, the investment amount is US\$0.2 million lower than that set out in our Prospectus dated 12 December 2006 regarding this transaction. At the same time, the acquired Class A membership interest is in excess of the 49.3% Class A membership interest stated in the Prospectus. These differences were earlier disclosed in the SGX-ST release dated 19 December 2006, containing details of the final acquisition prices for the initial assets and economic exposures of the Company and the unaudited pro forma consolidated balance sheet as at listing.

On the same date, Babcock & Brown Rail Management LLC (“BBRM”) sold its entire Class A membership interest in BBRNA to Everest Babcock & Brown Opportunity Fund, which through its wholly owned subsidiaries, now owns a 9.9% Class A membership interest in BBRNA. The Prospectus disclosed BBRM’s intention to sell down all or a portion of its Class A membership interest in BBRNA following its acquisition of such interest.

BBRNA is a US limited liability company managed by Babcock & Brown Rail Investment Management LLC, a wholly-owned subsidiary within the Babcock & Brown Group. BBRNA is the owner and lessor of freight car rollingstock which are leased for use in the North American markets. It was established to aggregate a number of North American railcar investments managed or owned by the Babcock & Brown Group.

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 the Company pursuant to the prospectus of the Company dated 12 December 2006.

BABCOCK & BROWN
STRUCTURED FINANCE
FUND LIMITED

By order of the Board of Directors
Name: Richard Lees Umbrecht
Designation: Director
Date: 26 December 2006

These materials are not for release or distribution, directly or indirectly, in or into the United States, Canada or Japan or to US persons.

These materials are not an offer of securities for sale in the United States, Canada or Japan. Securities may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the US Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

ENDS

Further Information:

Peng Lian Wee
Babcock & Brown Securities (Singapore) Pte Ltd
+65 6550 9633

About Babcock & Brown Structured Finance Fund Limited

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