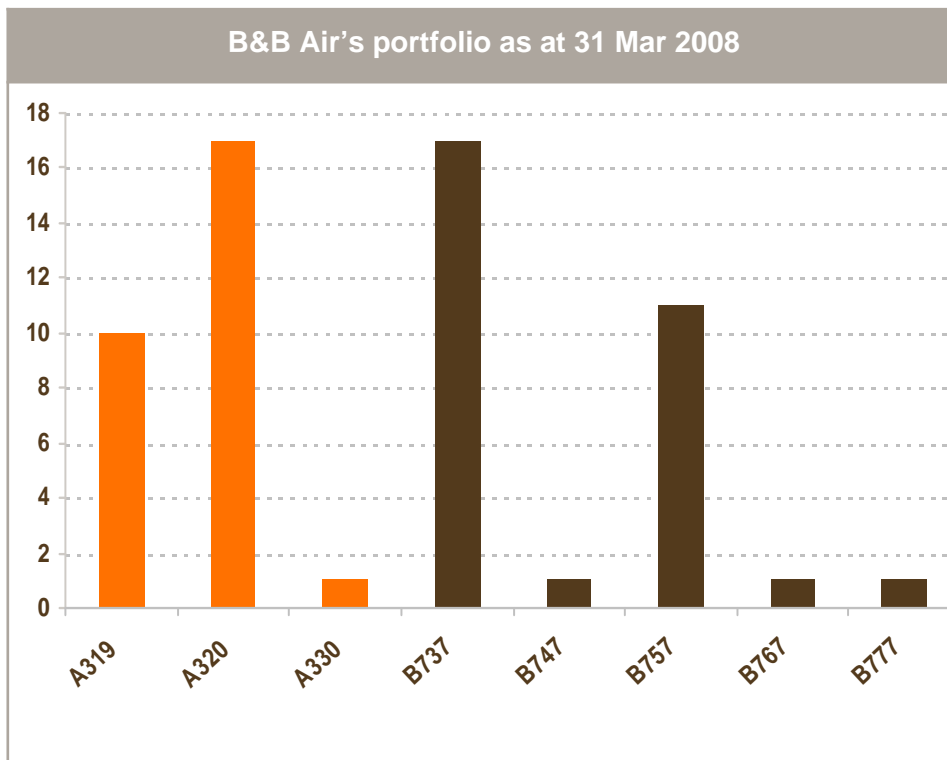


Current Asset Review – Operating Lease Assets

BABCOCK & BROWN AIR LIMITED (B&B Air)

Key Information	Q1 2008
Carrying Value	US\$ 17.1 m
Capital plus Accrued Income	US\$ 24.2 m
Impairment	US\$ 7.1 m
Q1 Mark-to-Market Adjustment	Nil

- B&B Air owns a diverse portfolio of 59 commercial aircraft on lease around the world, with the average age of the fleet approx 6.2 years
- BBGIL owns 1,051,010 shares in B&B Air received upon monetisation of its investments in JET-i Group
- B&B Air's management quarterly dividend guidance of US\$0.50 per share affirmed and declared for Q1 2008
- Shares are in escrow until September 2008
- Growth in aviation sector and air travel generally expected



Analyst coverage for B&B Air:

Brokerage	Rating	Target Price (US\$)	As Of
Citigroup	Buy	\$23.80	8 May 08
IIIR	Buy	\$21.60	10 April 08
Credit Suisse	Outperform	\$20.00	27 March 08
Merrill Lynch	Buy	\$18.00	27 March 08
Jefferies & Co. Inc.	Buy	\$20.00	27 March 08

Opportunities for B&B Air to grow portfolio

Since its IPO in Sep 07, B&B has further acquired 12 commercial aircraft, increasing its portfolio to 59 aircraft

BABCOCK & BROWN AIRCRAFT LESSOR NO.2

Key Information	Q1 2008
Carrying Value	US\$ 28.4 m *
Capital plus Accrued Income	US\$ 11.7 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Not Applicable**
Aircraft lease details	
Lessee	First Choice Airways
Guarantor	First Choice Holidays
Purchase Price of Aircraft	US\$ 14.7 m each ***
Aircraft Type	Boeing 747-200
Manufacture Date	1993
Lease maturity Date	30 April 2013
Rentals	US\$ 155,000 per month to April 2008
	US\$ 160,000 per month thereafter

- BBGIL owns 2 Boeing 757-200 aircraft leased to First Choice Airways
- Freighter conversion exit option available
- No interest rate risk (fixed debt funding cost)
- Growth in aviation sector and air travel generally expected

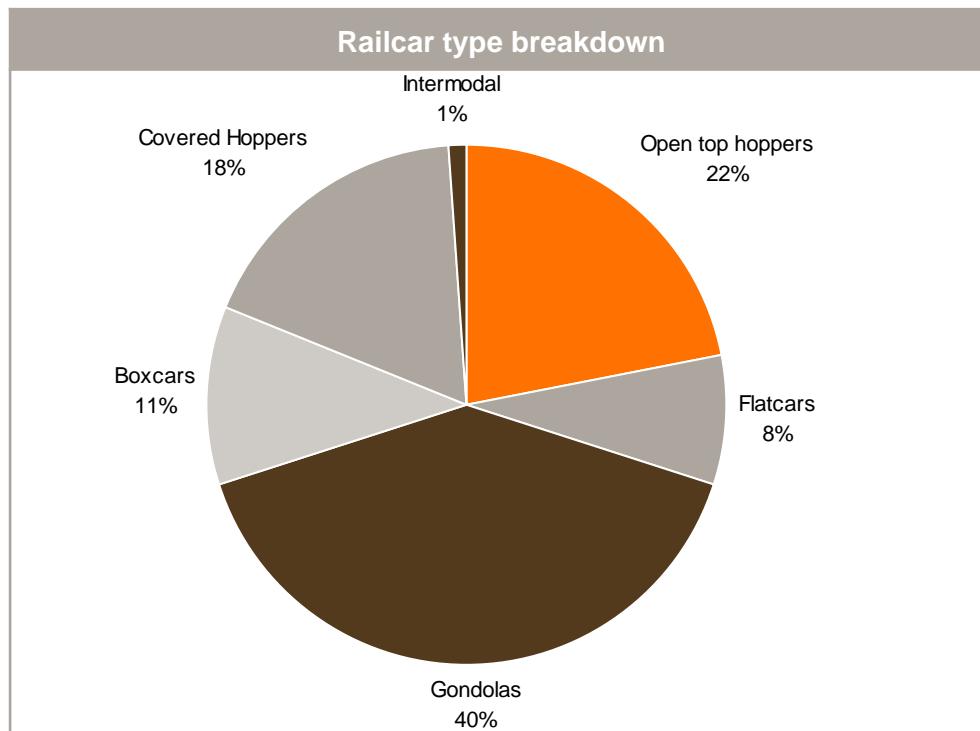
* Includes limited recourse debt of US\$18.1m

** Non "Available for Sale" Financial Assets, as with other assets when disclosed as "Not Applicable" in this presentation

*** Excludes acquisition costs

BABCOCK & BROWN RAIL NORTH AMERICA (BBRNA)

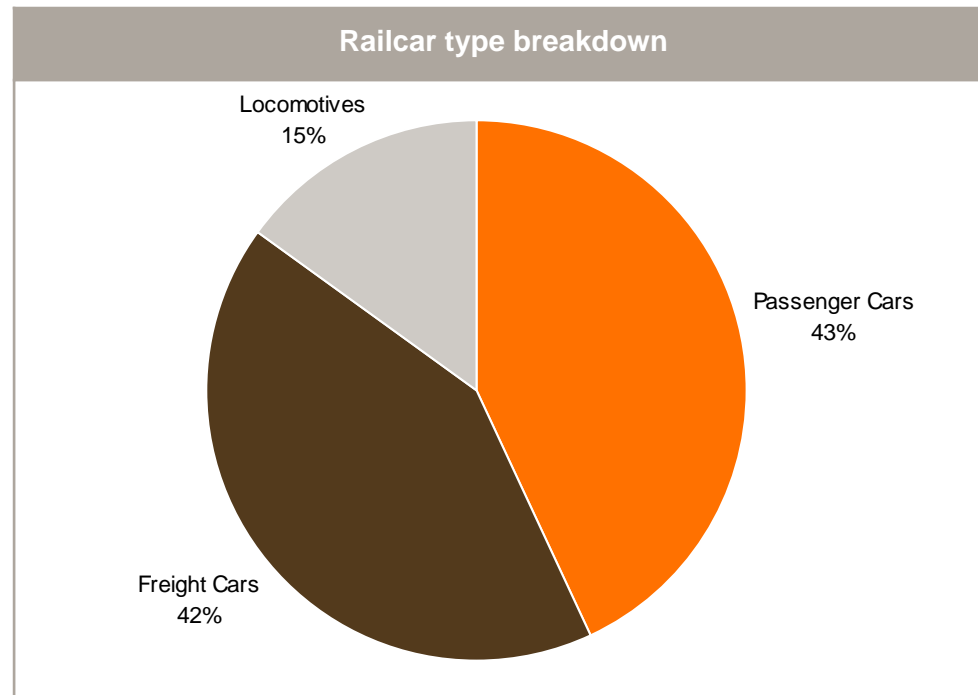
Key Information	Q1 2008
Carrying Value	US\$ 33.4 m
Capital plus Accrued Income	US\$ 54.8 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Not Applicable



- BBGIL has 41.5% equity interest in BBRNA which in turn owns a diverse fleet of over 13,000 railcars on lease in North America with over 50 lessees
- Average age of railcar of 6.0 years, relatively young and modern than market average
- Currently 99% of fleet is leased, with 84% of lease rental contracted for whole of 2008. 79% of total fleet leased to investment grade lessees
- Demand for modern railcars remains strong despite general slow down in US economy, but some contraction in lease rates being experienced
- Diversity of railcar types minimises concentration risk to a specific industry although overweight in coal sector
- Urban congestion, pollution, increasing highway tolls, surging oil price contributing to cost advantage of rail over road transport
- Interest cost structured to match income profiles of underlying leases reducing any potential interest rate risk at the BBRNA level

Babcock & Brown Rail Investments (BBRIL)

Key Information	Q1 2008
Carrying Value	€ 4.2 m
Capital plus Accrued Income	€ 4.4 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Not Applicable



- BBGIL has 35% equity interest in Babcock & Brown Rail Investments Pty Ltd (“BBRIL”)
- BBRIL owns CBRail Group, an operating lessor with portfolio of 3 passenger train fleets, over 30 locomotives and 100 freight wagons in mainland Europe
- BBGIL further invested €1.21m in April 08 (with 35% equity interest retained) to fund BBRIL’s fleet expansion
- 100% of lease rental is contracted for FY08
- European rail leasing market continuing to develop positively driven by concessions given to market participants, government funding constraints and growth in rail passenger volume
- Demand for new freight cars exceeding supply with significant backlog of orders until Q3 2009
- Rail passenger volume remains strong and growth projected to continue through 2020

Current Asset Review – Loan Portfolio & Securitisation Assets

ANCORA – PEPPER SECURITISATION NO.2

Key Information	Q1 2008
Carrying Value	A\$ 10.2 m
Capital plus Accrued Income	A\$ 10.3 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	-A\$ 30,000
Portfolio as at 15 Apr 2008	
No. of Obligor	815
Average Loan Size	A\$ 241,013
Weighted Average LVR	69.97%
Weighted Average Seasoning	24.7 months

Capital structure as at 15 Apr 2008	
Note Rating	Outstanding Amount (A\$ m)
AAA (Snr)	124.5
AAA (Mezz)	24.5
AAA (Jnr)	15.4
A+	13.0
BBB	12.4
Non rated note	5.0
Senior NIM note	4.9
Junior NIM note	Balance of excess spread

- BBGIL has an investment in 2 classes of notes in Pepper Residential Securities No.5 Securitisation issued on 30 May 2006
- BBGIL's investment is secured against a portfolio of registered first mortgages over Australian residential property
- Cumulative losses below expectations and have all been absorbed by excess spread
- Transaction benefits from house price appreciation, increased loan margins across the portfolio and build up of funds in the reserve account
- Minimal interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

ANCORA – PEPPER SECURITISATION NO.3

Key Information	Q1 2008
Carrying Value	A\$ 19.9 m
Capital plus Accrued Income	A\$ 20.3 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Nil
Portfolio as at 15 Apr 2008	
No. of Obligors	1,652
Average Loan Size	A\$265,676
Weighted Average LVR	70.60%
Weighted Average Seasoning	18.02 months

Capital structure as at 15 Apr 2008	
Note Rating	Outstanding Amount (A\$ m)
AAA (Snr)	296.0
AAA (Mezz)	59.2
AAA (Jnr)	34.9
A+	19.5
BBB	18.9
Non rated note	8.1
Senior NIM note	11.1
Junior NIM note	Balance of excess spread

- BBGIL has an investment in 2 classes of notes in Pepper Residential Securities No.6 Securitisation issued on 27 March 2007
- BBGIL's investment is secured against a portfolio of registered first mortgages over Australian residential property
- Cumulative losses below expectations and have all been absorbed by excess spread
- Transaction benefits from house price appreciation, increased loan margins across the portfolio and build up of funds in the reserve account
- Minimal interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

ANCORA – SEIZA WAREHOUSE NOTE INVESTMENT

Key Information	Q1 2008
Carrying Value	A\$ 41.9 m
Capital plus Accrued Income	A\$ 42.4 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	-A\$ 505,000
Portfolio as at 7 Apr 2008	
No. of Obligors	1,746
Average Loan Size	A\$ 478,160
Weighted Average LVR	79.94%
Weighted Average Seasoning	8.65 months

Capital structure as at 7 Apr 2008	
Note Rating	Outstanding Amount (A\$ m)
AAA (Class A notes)	646.8
AA (Class B notes)	37.1
A (Class C notes)	60.0
BBB (Class D notes)	26.8
BB (Class E notes)	15.8
B (Class F notes)	10.8
N/R (Class G notes)	26.7
Senior NIM notes	10.8
Junior NIM	9.3

- BBGIL has an investment in 3 classes of notes issued by Seiza 2006–1 Trust
- BBGIL’s investment is secured against a portfolio of registered first mortgages over Australian residential and commercial property
- Cumulative losses in line with expectations and all have been absorbed by excess spread
- Transaction benefits from increased loan margins across the portfolio, build up of funds in the reserve account and decreasing leverage as the NIM notes balance remains constant against an increasing pool of loans
- Minimal interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

ANCORA – SEIZA AUGUSTUS SERIES 2007-1 TRUST

Key Information	Q1 2008
Carrying Value	A\$ 14.7 m
Capital plus Accrued Income	A\$ 15.1 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	-A\$ 404,000
Portfolio as at 28 Mar 2008	
No. of Obligors	450
Average Loan Size	A\$ 592,037
Weighted Average LVR	76.81%
Weighted Average Seasoning	17.49 months

Capital structure as at 28 Mar 2008	
Note Rating	Outstanding Amount (A\$ m)
AAA (Class A notes)	182.8
AA (Class B notes)	20.2
A (Class C notes)	21.9
BBB (Class D notes)	19.0
BB (Class E notes)	8.1
B (Class F notes)	4.1
N/R (Class G notes)	10.3
Junior NIM (Class N notes)	4.1

- BBGIL has an investment in 2 classes of notes issued by Seiza Augustus Series 2007-1 Trust
- BBGIL's investment is secured against a portfolio of first mortgages over Australian residential and commercial property
- Cumulative losses higher than expected but are all expected to be absorbed by excess spread
- Transaction benefits from house price appreciation, increased loan margins across the portfolio and recent structural changes to transaction waterfall which will provide further protection to investment
- Minimal interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

ANCORA – PROVIDENT CASHFLOW LIMITED

Key Information	Q1 2008
Carrying Value	A\$ 13.2 m
Capital plus Accrued Income	A\$ 13.2 m
Impairment	Nil
Q1 Mark-to-market Adjustment	Not Applicable
Portfolio as at 31 Mar 2008	
No. of Obligors	60
Average Loan Size	A\$ 310,667
Average Term of Loans	113 days

- Revolving purchase facility to PCL – 3 years with annual review periods at discretion of Ancora, secured against inventory
- BBGIL’s investment is secured against:
 - ✓ loan receivables
 - ✓ a first loss insurance policy
 - ✓ underlying customer receivables
 - ✓ a 10% cash deposit, and
 - ✓ a fixed and floating charge over the assets of PCL and certain director indemnities
- No losses experienced for the period
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin

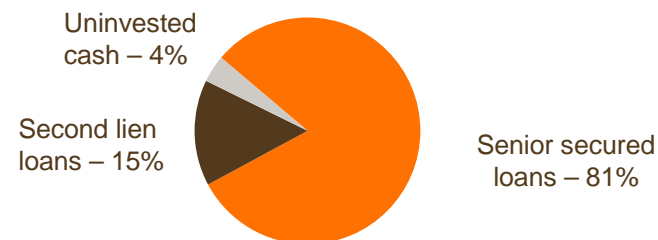
AVOCA VI CLO INVESTMENT

Key Information	Q1 2008
Carrying Value	€2.5 m
Capital plus Accrued Income	€4.0 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	-€978,000
Portfolio as at 31 Mar 2008	
No. of Obligor	62
Average Loan Size	€8.1 m
Loan Type	Majority senior secured (81%)

Capital structure as at 31 Mar 2008	
Note Rating	Outstanding Amount (€ m)
AAA (Snr) (Class A notes)	301.5
AAA (Sub) (Class A notes)	64.0
AA (Class B notes)	19.4
A (Class C notes)	31.5
BBB (Class D notes)	20.0
BB (Class E notes)	23.9
B (Class F notes)	10.0
N/R (Class M notes)	37.8

- BBGIL has an investment in notes secured against European senior secured, second lien and mezzanine loans which were issued by Avoca VI CLO plc on 16 November 2006 and managed by Avoca Capital Holdings (“Avoca”)
- Performance of borrowers continues to remain strong with no defaults in the portfolio in Q1 2008
- Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in market credit spreads

Portfolio value as at 31 Mar 2008



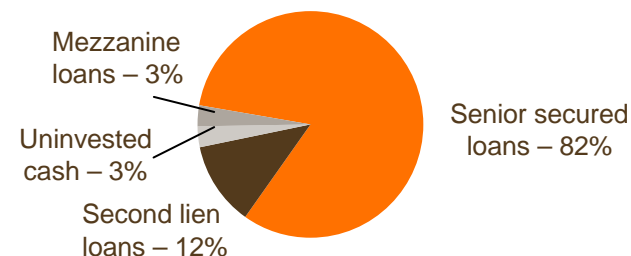
AVOCA VII CLO INVESTMENT

Key Information	Q1 2008
Carrying Value	€ 13.5 m
Capital plus Accrued Income	€ 15.6 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	-€ 730,000
Portfolio as at 31 Mar 2008	
No. of Obligors	70
Average Loan Size	€10.0 m
Loan Type	Majority senior secured (82%)

Capital structure as at 31 Mar 2008	
Note Rating	Outstanding Amount (€m)
AAA (Snr) (Class A notes)	284.0
AAA (Sub) (Class A notes)	62.5
AAA (Sub) (Class A notes)	145.0
AA (Class B notes)	48.5
A (Class C notes)	42.0
BBB (Class D notes)	23.0
BB (Class E notes)	28.3
B (Class F notes)	14.0
N/R (Class G notes)	48.0

- BBGIL has an investment in Class F and G notes secured against European senior secured, second lien and mezzanine loans which were issued by Avoca VII CLO plc and managed by Avoca
- Performance of borrowers continues to remain strong with no defaults in the portfolio in Q1 2008
- Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in market credit spreads

Portfolio value as at 31 Mar 2008



MORTGAGES PLC SECURITISATION INVESTMENT

Key Information	Q1 2008
Carrying Value	£ 6.5 m
Capital plus Accrued Income	£ 9.4 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Nil
Portfolio as at 2 May 2008	
No. of Obligors	5,094
Average Loan Size	£108,637
Weighted Average LVR	79.97%
Weighted Average Seasoning	20.42 months

Capital structure as at 31 Mar 2008	
Note Rating	Outstanding Amount (£m)
AAA (Class A & M notes)	483.1
AA (Class B notes)	39.5
A (Class C notes)	24.7
BBB (Class D notes)	15.6
BBB (Class T notes)	4.6
BB (Class E notes)	5.9
BB (Class Q notes)	6.5
N/R Series MERCs	All prepayment penalties
N/R Series Residuals	All excess spread after repayment to T & Q Notes

- BBGIL owns 50% of each of the Series MERCs and Series Residuals (“notes”) issued by Newgate Funding 2006-3 plc, a securitisation entity of Mortgages plc
- BBGIL’s notes are secured against a portfolio of registered first mortgages over UK residential property
- Cumulative losses higher than expected and have all been absorbed by excess spread
- Transaction benefits from house price appreciation since origination of the loans which should provide protection as UK housing market continues to soften
- Underlying investment is largely insulated from movements in interest rates due to hedging entered into at Newgate Funding 2006-3 plc level

PARADOX CAPITAL LLC – SUBORDINATED LOAN

Key Information	Q1 2008
Carrying Value	US\$ 15.0 m
Capital plus Accrued Income	US\$ 15.0 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Not Applicable

- Substantively, this is the subordinated debt in a long term warehouse of IP loans
- Total return varies based on movements in USD Libor
- Paradox Capital LLC is contracted to repay BBGIL's loan by 20 June 2008

Current Asset Review – Alternative Assets

PARAMOUNT MEZZANINE LOAN

Key Information	Q1 2008
Carrying Value	US\$ 16.7 m
Capital plus Accrued Income	US\$ 16.7 m
Impairment	Nil
Q1 Mark-to-Market Adjustment	Not Applicable

Sources of project funding	
Senior debt	US\$216 m
Senior Mezzanine Loan	US\$2 m
Babcock & Brown / BBGIL Loan	US\$30 m
Equity	US\$34 m

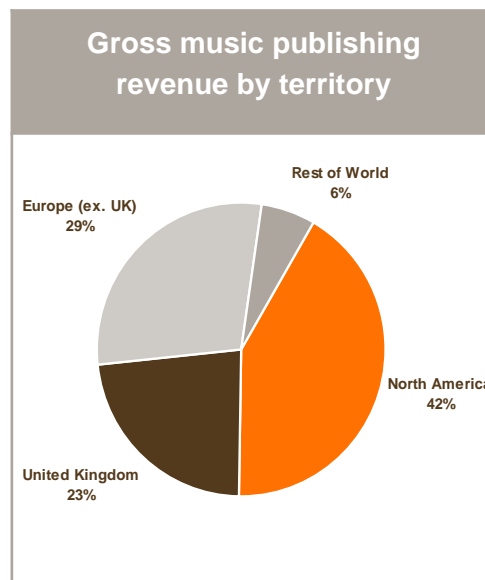
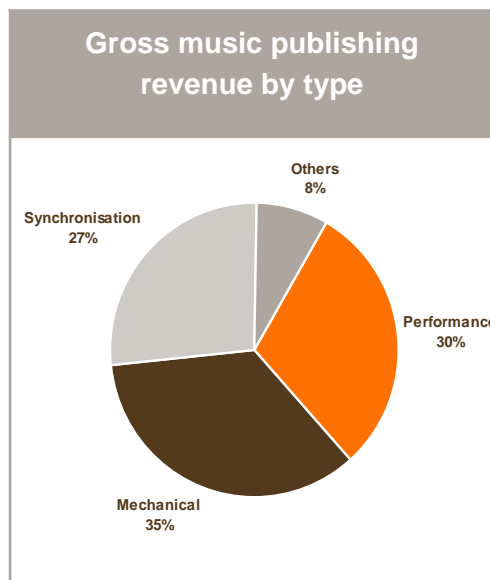
Expected Proceeds	
Current Sales	US\$236 m
Remaining value to be achieved before loan (principal & interest) repayment to BBGIL	US\$59 m
Expected total value	US\$398 m

- BBGIL has a development loan to developer, which is on pari passu basis with Babcock & Brown Group
- Development is at least 52% complete per Mar 08 construction report and is expected to be completed mid-09
- Substantial pre-sales, with 20% cash deposits mitigate sales risks on repayment
- Sales activity through 07/08 not expected to be significant given:
 - no expected substantial price escalation apparent; and
 - high rise not able to be accessed at this time and units not delivering until mid 2009
- Fixed rate loan, therefore no interest rate sensitivity

MUSIC COPYRIGHT ASSETS

Key Information	Q1 2008
Carrying Value	US\$ 54.8 m*
Capital plus Accrued Income	US\$ 24.3 m
Impairment	Nil
Q1 Mark-to-Market Adjustments	Not Applicable

*Includes limited recourse debt of US\$30.5m



- BBGIL has investment in a portfolio of music copyright assets with over 1,800 musical compositions, which entitles it to revenue from the use and performance of the songs regardless of which recordings or versions are used or the artists who perform them
- Music copyright royalties are collected by a well established global network of collection societies that have been operating, some for over 100 years
- Current decline in mechanical sales (i.e. CD sales) affecting music industry hardest felt in new releases/current songs which BBGIL does not target
- Portfolio benefits from increases in performance income (from proliferation of media channels and outlets) and increase in synchronisation revenue (i.e. royalties or fees for use of musical composition in combination with image such as in films, television programmes, advertising and computer games)
- Interest rate risk reduced through fixed debt funding cost, but revenues may fluctuate