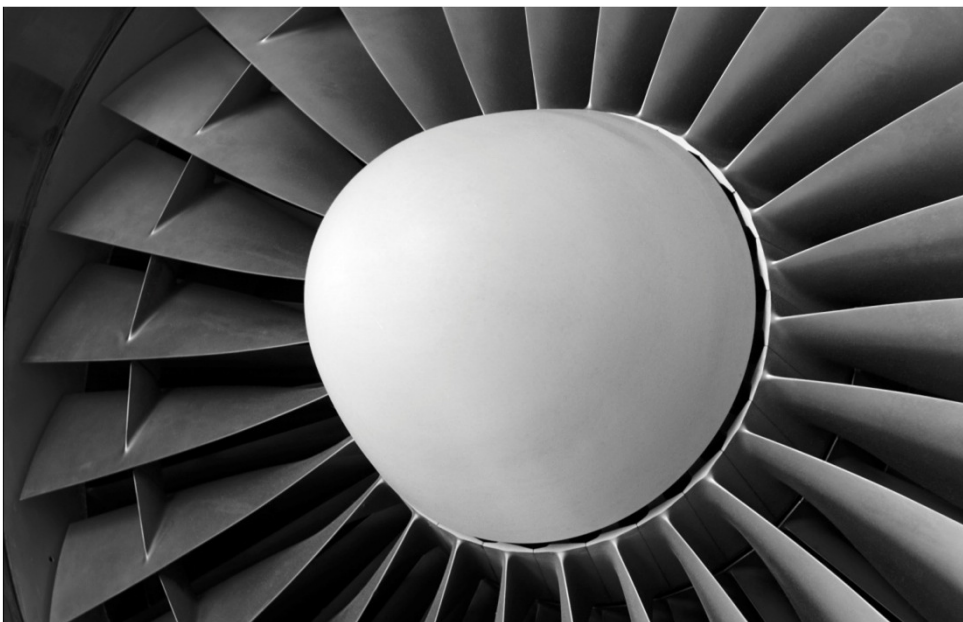




Current Asset Review

Period ended 30 June 2011

OPERATING LEASE ASSETS



FLY LEASING LIMITED

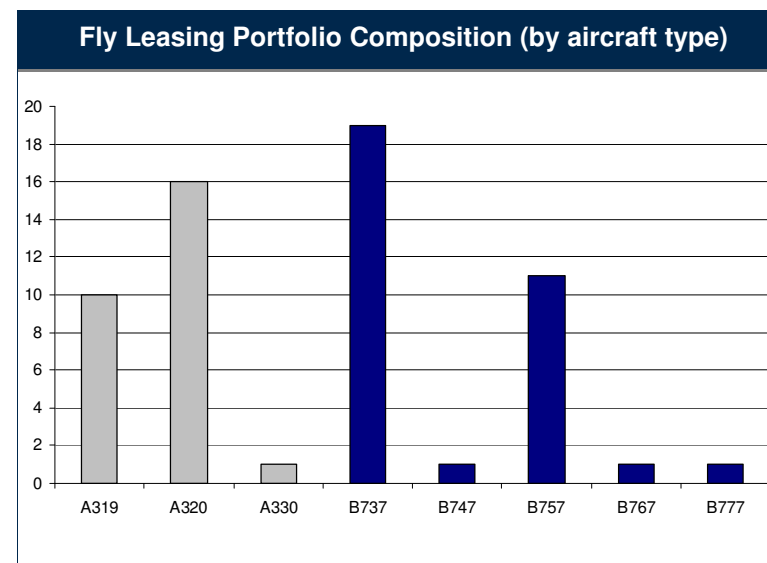
- GIL owns 1,051,010 shares (or 4.0%) in Fly Leasing Limited (“Fly Leasing”) which is listed on the New York Stock Exchange.
- Fly Leasing has a fleet of 60 commercial aircraft on lease globally.
- Average age of fleet approximately 8.1 years with 4.5 years weighted average lease term and approximately 34 lessees worldwide as at 31 March 11.
- 2Q11 gross dividend of US\$0.20 per share to be received in Aug 2011.
- The outlook for the aircraft lessor industry has improved since the worst period of the global financial crisis but face risks such as rising fuel and financing costs.

KEY INFORMATION	
As at 30 June 11	
Carrying Value ¹	US\$13.88m
Quarter ended 30 Jun 11	
Impairment to Equity:	US\$ 0.56m
Cumulative Impairment (less reversals):	US\$ 10.29m

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal

Analyst coverage for FLY Leasing:

Firm	Rating	Target Price	As Of
Dahlman Rose & Co	Buy	US\$16.50	11 July 2011
JPMorgan	Neutral	US\$15.00	31 May 2011
Citigroup	Buy	US\$17.80	8 March 2011



GIL AIRCRAFT LESSOR NO.2

- GIL owns 100% equity of GIL Aircraft Lessor No. 2 which owns two Boeing 757-200 aircraft.
- The two aircraft are leased to Thomson Airways Limited, which is wholly owned by TUI Travel PLC listed on London Stock Exchange.
- The market for 757-200 aircraft remains weak as supply of older 757s continues to outweigh demand.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	US\$25.05m ²
Quarter ended 30 Jun 11	
Impairment:	Nil
Cumulative Impairment (less reversals)	Nil
Aircraft lease details	
Purchase Price of Aircraft ³	US\$14.7 m each
Aircraft Type	Boeing 757-200
Manufacture Date	1993
Lease maturity Date	30 April 2013
Lease rate	US\$160,000 per month per aircraft

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² Includes debt of approximately US\$13.83m.

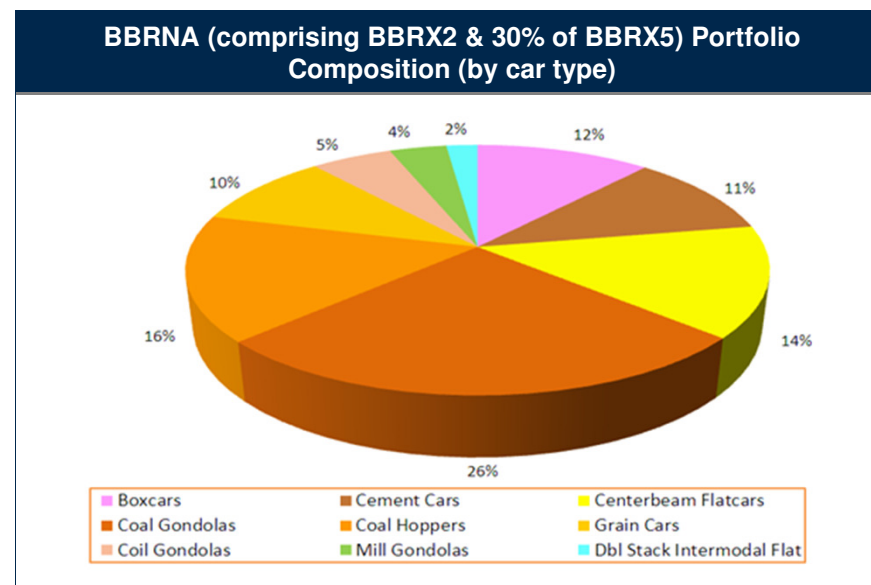
³ Excludes acquisition costs.

BABCOCK & BROWN RAIL NORTH AMERICA

- Babcock & Brown Rail North America (“BBRNA”) is a U.S. limited liability company holding 5 subsidiaries, namely BBRX One LLC (“BBRX1”), BBRX Two LLC (“BBRX2”), BBRX Three LLC (“BBRX3”), BBRX Four LLC (“BBRX4”) and BBRX Five LLC (“BBRX5”).
- GIL has a 41.5% interest in BBRNA which owns a portfolio of railcars on lease in North America via the 5 subsidiaries.
- Besides BBRX2 and 30% of BBRX5, the other portfolios in BBRNA had been foreclosed and sold off by their respective lenders.
- Forbearance agreement with the lender of BBRX2 and the remaining 30% of BBRX5 was until 14 March 2011. Lender is considering various options with respect to its rights.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	0
Quarter ended 30 Jun 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	US\$ 54.6m

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

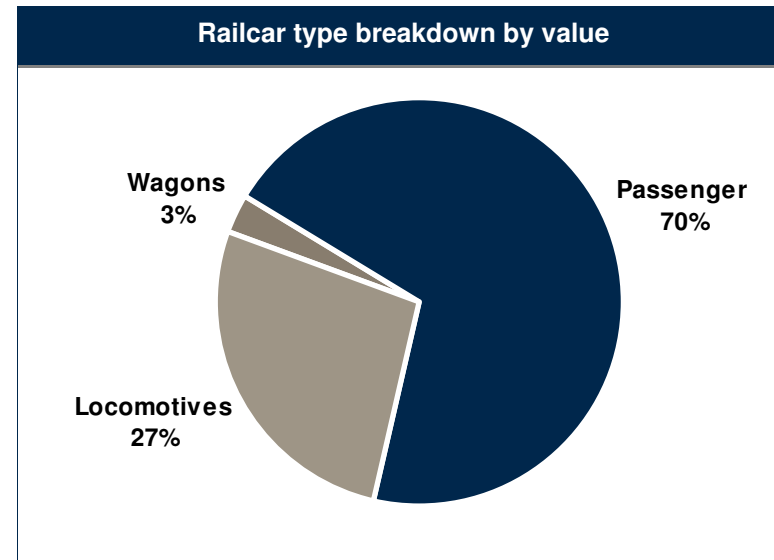


ASCENDOS INVESTMENTS LIMITED

- GIL has a 40.56% equity interest in Ascendos Investments Limited (“Ascendos”).
- Ascendos’ wholly-owned subsidiary Ascendos Rail Leasing S.à.r.l. is an operating lessor with portfolio of 238 rail equipment consisting of 3 passenger train fleets, over 30 locomotives and 100 freight wagons in mainland Europe.
- €0.08 million was expected to be received from Ascendos for the second quarter of 2011.
- The portfolio was fully leased except for two locomotives which were undergoing overhaul in the second quarter of 2011.
- Incumbent rail operators saw better profitability in 2010 with higher revenues as compared with 2009. Freight volumes have continued to improve which will provide support for higher lease rates for locomotives and demand for freight cars. Demand for passenger trains remains positive as the opening up of passenger markets in 2010 is driving a more competitive rail sector, which could see more private operators tendering for passenger services and an increase in demand for passenger trains.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	0
Quarter ended 30 Jun 11	
Impairment for the Quarter :	Nil
Cumulative Impairment (less reversals) :	€ 5.8m

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.



LOAN PORTFOLIO & SECURITISATION ASSETS



PEPPER RESIDENTIAL SECURITIES TRUST NO. 6

- GIL is invested in the Class E Notes of Pepper Residential Securities Trust No. 6, which holds Australian non-conforming residential mortgage loans originated by Pepper Homeloans Pty Limited.
- The average prepayment rate increased during the quarter while the 30+ day arrears increased to 16.15%.
- Overall the performance of the collateral improved over the quarter as losses declined from a revised A\$169,287 in 1Q2011 to A\$35,150 in 2Q2011.
- The Excess Reserve Account, which provides additional support to the capital structure, increased and exceeded expectations.
- The Class E Notes have received full interest payments during the quarter.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	A\$ 8.15m
Quarter ended 30 Jun 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil
Portfolio as at 30 Jun 11	
No. of Loans	585
Average Loan Size	A\$ 233,346
Weighted Average LVR	68.48%
Weighted Average Seasoning	57.51 months

Capital Structure as at 15 Jul 11			
Notes	Initial Rating S&P/Moody's	Current Rating S&P/Moody's	Outstanding Amount (A\$ m)
Class A1 Notes (Snr)	AAA/Aaa	AAA/Aaa	78.2
Class A2 Notes (Mezz)	AAA/Aaa	AAA/Aaa	15.6
Class A3 Notes (Jnr)	AAA/Aa1	AAA/Aaa	9.2
Class B Notes	A+/A2	AA/Aa2	11.4
Class C Notes	BBB/Baa2	BBB+/A3	11.0
Class E Notes ²	NR	NR	8.1

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² GIL owns 100% of Class E Notes. Interest payable is one month BBSW + 8.0%. Final Maturity Date of the notes is 15 September 2048.

SEIZA SERIES 2006-1 TRUST (WAREHOUSE)

- GIL is invested in the Class F Notes, Class G Notes and Senior NIM Notes of Seiza Series 2006-1 Trust, which holds Australian non-conforming residential and commercial property mortgage loans originated by Seiza Mortgage Company Pty Limited.
- Overall the performance of the portfolio declined slightly over the quarter as losses increased and 30+ day arrears increased by 0.29 percentage points to 24.68%. Losses of approximately A\$2.14 million were fully absorbed by excess spread. The residual excess spread of approximately A\$63,121, after absorbing losses, resulted in the decline of carried forward charge offs of A\$3.58m to A\$3.51m over the quarter.
- Pepper Australia Pty Limited, which is the delegated special servicer to the Trust, has indicated that there were no reports of any damages to the underlying properties in flood-affected areas.
- The average prepayment rate increased during the quarter.
- The Class F and Class G Notes have received full interest payments during the quarter.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	A\$ 25.43m
Quarter ended 30 Jun 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	A\$14.22m
Portfolio as at 30 Jun 11	
No. of Loans	532
Average Loan Size	A\$446,344
Weighted Average LVR	82.90%
Weighted Average Seasoning	47.65 months

Capital Structure as at 7 Jul 11			
Notes	Initial Rating (S&P)	Current Rating (S&P)	Outstanding Amount (A\$ m)
Class A Notes	AAA	NA ²	48.7
Class B Notes	AA	NA ²	38.3
Class C Notes	A	NA ²	60.0
Class D Notes	BBB	NA ²	33.4
Class E Notes	BB	NR	15.8
Class F Notes ³	B	NR	10.8
Class G Notes ³	NR	NR	26.0
Senior NIM Notes ³	NR	NR	8.9
Junior NIM Notes	NR	NR	8.6

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² The ratings were withdrawn in mid November 2010.

³ GIL owns approximately 94.8% of the Class F Notes, approximately 80.55% of the Class G Notes and 100% of the Senior NIM Notes. Interest payable on the Class F, Class G and Senior NIM Notes is one month BBSW + 5.5%, one month BBSW + 9.5% and one month BBSW + 9.5% respectively. Payment to the Senior NIM Notes is dependent on available excess cash flow. Final Maturity Date of the notes is 12 July 2041.

⁴ The Senior NIM Notes have not received cash flow since the November 2009 payment date. Under the restructured waterfall which was effective from November 2009, the Senior NIM Notes are not expected to receive cash flow until the aggregate amount received by the Junior NIM Noteholders and the Originator is above a certain threshold.

SEIZA AUGUSTUS SERIES 2007-1 TRUST

- GIL is invested in the Class G Notes and Class N Notes of Seiza Augustus Series 2007-1 Trust, which holds Australian non-conforming residential and commercial property mortgage loans originated by Seiza Mortgage Company Pty Limited.
- Overall the performance of the collateral was poor over the quarter as carried forward charge offs increased. While there were no realised losses in 2Q2011 as compared to losses of approximately A\$2.46 million in 1Q2011, the 30+ day arrears increased by 5.18 percentage points to 21.66%. The average prepayment rate decreased over the quarter.
- The Class G Notes received full interest payments in April and May 2011, but stopped receiving interest in June 2011 because total carried forward charge offs was above the stated balance of the Class G Notes. No interest is expected to be paid to Class G Notes in July 2011.
- The Class N Notes have not received cash flow since August 2007.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	0
Quarter ended 30 Jun 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	A\$ 15.08m
Portfolio as at 20 Jun 11	
No. of Loans	136
Average Loan Size	A\$495,023
Weighted Average LVR	76.42%
Weighted Average Seasoning	57.12 months

Capital Structure as at 28 Jun 11			
Notes	Initial Rating (S&P/Moody's/Fitch)	Current Rating (S&P/Moody's/Fitch)	Outstanding Amount (A\$ m)
Class A Notes	AAA/ Aaa/ AAA	NR/ WR/ PIF	0
Class B Notes	AA/ Aa2/ AA	AA/ Aa2/ AA	9.1
Class C Notes	A/ NR/ A	BBB+/ NR/ A	21.9
Class D Notes	BBB/ NR/ BBB	B-/ NR/ BB	19.0
Class E Notes	BB/ NR/ NR	CCC-/ NR/ NR	8.1
Class F Notes	B/ NR/ NR	D/ NR/ NR	4.1
Class G Notes ²	NR	NR	10.3
Class M Notes	A/ NR/ NR	NR/ NR/ NR	0
Class N Notes ²	NR	NR	4.1

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² Gil owns 100% of the Class G Notes and Class N Notes. Interest payable on the Class G Notes and Class N Notes is one month BBSW + 9.5%. Final Maturity Date of the notes is 28 May 2039.

AVOCA CLO VI PLC

- GIL has invested in Class M subordinated notes secured against European senior secured and second lien loans which were issued by Avoca CLO VI plc and managed by Avoca Capital Holdings (“Avoca”). The stated maturity of the notes is January 2023.
- Avoca VI Class M received interest of € 243,197.91 on 18 July 2011 and the next coupon payment is scheduled in January 2012.
- For the quarter ended June 2011, there was a new default amounting to 0.89% of the portfolio. Defaults should not be ruled out over the next 12 months.
- There is a risk that coupons to the Class M subordinated notes may be suspended in the short to mid term due to ratings downgrades in the underlying portfolio.
- The Reinvestment Diversion test headroom has breached by 0.07% and a portion of the cash flows would be diverted for collateral reinvestment until the breach is remedied.
- On 12 July 2011, S&P Rating Agency removed the negative watch of Class A1 and retained its AA+ ratings.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	€ 1.92m
Quarter ended 30 Jun 11	
Impairment to Equity:	€ 0.12m
Cumulative Impairment (less reversals):	€ 1.58m
Portfolio as at 30 Jun 11	
Portfolio Par Value	€ 494.6m
No. of Obligors	82
Weighted Average Spread	3.02%

Capital Structure as at 30 Jun 11			
Note	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (€m)
Class A1	AAA/ AAA	AA+/ AAA	301.5
Class A2	AAA/ AAA	A+/ AAA	64.0
Class B	AA/ AA	BBB+/ AA	19.4
Class C	A/ A	BB+/ A	31.5
Class D	BBB/ BBB	BB-/ BBB	20.0
Class E	BB/ BB	CCC+/ B+	23.9
Class F	B/ B	CCC-/ B-	10.0
Class M ²	NR/ NR	NR/ NR	37.8

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² GIL owns approximately 10.5% of the Class M notes. Payment to the Class M notes depends on excess cashflow available after payments to the rated Notes.

AVOCA CLO VII PLC

- GIL invested in Class F and G notes secured against European senior secured, second lien and mezzanine loans which were issued by Avoca CLO VII plc and managed by Avoca. The stated maturity of the notes is May 2024.
- Avoca VII Class F and G notes received interest of € 219,120.61 and € 29,313.70 respectively on 18th May 2011 and the next coupon payment is scheduled in November 2011.
- For the quarter ended June 2011, there were no defaults, but defaults should not be ruled out over the next 12 months.
- There is a high risk that coupons to the Class F and G notes may be suspended in the short to mid term due to ratings downgrades in the underlying portfolio.
- The Overcollateralisation test headroom is currently 0.06%. A breach of the test would result in cash flows being diverted to pay down Class A notes and interest payments to GIL's investments would be shut off until the breach has been remedied. The Reinvestment Diversion test has currently failed by 0.44% which would impact on interest payment to Class G because 50% of excess interest is expected to be reinvested in collateral rather than fully distributed to Class G noteholders.
- On 12 July 2011, S&P Rating Agency removed the negative watch of Class A1, A2 and A3 and retained their ratings of AA+, AA and AA respectively.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value ¹	€ 7.04m
Quarter ended 30 Jun 11	
Reversal of Impairment to Equity:	€ 0.32m
Cumulative Impairment (less reversals):	€ 7.04m
Portfolio as at 30 Jun 11	
Portfolio Par Value	€ 684.7m
No. of Obligor	77
Weighted Average Spread	3.00%

Capital Structure as at 30 Jun 11			
Note	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (€m)
Class A1	AAA/ AAA	AA+/ AAA	284.0
Class A2	AAA/ AAA	AA/ AAA	62.5
Class A3	AAA/ AAA	AA/ AAA	145.0
Class B	AA/ AA	A-/ AA	48.5
Class C	A/ A	BBB-/ A	46.5
Class D	BBB/ BBB	BB+/ BBB	31.5
Class E	BB/ BB	CCC+/ B	31.0
Class F	B/ B	CCC-/ CCC	14.0 ²
Class G	NR/ NR	NR/ NR	48.0 ³

¹ The carrying value is determined in accordance with the requirements of IFRS and is not reflective of the current realisable value in the event of immediate disposal.

² GIL owns approximately 50% of Class F and interest payable to Class F notes is 6 month Euribor plus 4.95%.

12 ³ GIL owns approximately 16.7% of Class G and payment to Class G notes depends on excess cashflow available after payments to the rated notes.



NEWGATE FUNDING 2006-3 PLC

- GIL has invested in 50% Mortgage Early Repayment Certificates (MERC) issued by Newgate Funding 2006-3 plc (“Newgate 06-3”), a securitisation entity of Mortgages plc. The stated maturity of the notes is December 2050.
- Newgate 06-3 holds a portfolio of registered first mortgages over UK residential property.
- The last cash flow received for MERC was in February 2010 and no further cash flows are expected.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value	0
Quarter ended 30 Jun 11	
Impairment for the quarter:	Nil
Cumulative Impairment:	£ 3.7m
Portfolio as at 3 May 11	
No. of Loans	3,316
Average Loan Size	£ 105,865
Weighted Average LVR	80.37%
Seasoning	57.01 months

Capital Structure as at 30 Jun 11			
Note/ Certificate	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (£m)
Class A & M	AAA/ AAA	A+/ AAA	265.3
Class B	AA/ AA	A+/ A	39.5
Class C	A/ A	BBB/ BB	24.7
Class D	BBB/ BBB	BB-/ B	15.6
Class E	BB/ BB	B/ CCC	5.9
Class T	BBB/ BBB	B/ CCC	3.4
Class Q	BBB/ BBB	CCC/ CC	6.5
MERC ¹	NR	NR	All prepayment penalties
Residual	NR	NR	All excess spread after repayment to T & Q notes

¹ Payment to MERC comes from prepayment penalties paid by borrowers in the mortgage pool.

US RESIDENTIAL MORTGAGE-BACKED SECURITIES (“RMBS”)

- GIL is invested in a portfolio of senior notes of US RMBS, which are securitisation vehicles that hold US residential mortgage loans.
- Overall the performance of the collateral underlying these securities are within expectations, and the senior notes are continuing to receive full coupon as well as some principal payments. GIL has received aggregate cash flows of US\$740,603 during this quarter, consisting principal of US\$707,281 and interest of US\$33,322.
- As at 27 June 2011, the total current face amount was US\$25.13 million with cumulative principal collection of US\$2.87 million since the first purchase of RMBS beginning June 2010.

Portfolio Details

Security	Current Rating (Moody's/S&P)	Current Face @ Acquisition	Current Face @ 27 Jun 2011	Coupon	Credit Support	Cumulative Principal Received Since Acquisition	Collateral Pool Current Balance as % of Original Balance*
Structured Asset Mortgage Investments II Trust 2006-AR7 A1A	Caa3/CCC	4,929,264	4,389,052	1mL + 21bp	43.92%	540,212	55.79%
Bear Stearns Mortgage Funding Trust 2006-AR5 1A1	Caa2/B*-	5,208,097	4,848,905	1mL + 16bp	37.11%	359,192	56.96%
American Home Mortgage Investment Trust 2005-4 1A3	C/CC	10,996,833	9,728,507	1mL + 44bp	4.98%	1,268,326	34.26%
Bear Stearns Mortgage Funding Trust 2007-AR4 1A1	Caa2/CCC	4,642,119	4,308,463	1mL + 20bp	44.35%	333,656	60.68%
Carrington Mortgage Loan Trust, Series 2006-NC3 A2	Caa1/AA*-	2,231,186	1,859,312	1mL + 10bp	30.57%	371,874	52.10%

* The US RMBS have early redemption features which can vary from transaction to transaction. The originator or certain noteholders, depending on the terms of the transaction, have an option to redeem the notes when the collateral pool have been reduced to or below a certain threshold. The threshold is generally 10% of the original balance of the mortgage loans at inception.

KEY INFORMATION	
As at 30 Jun 11	
Carrying Value	US\$ 9.72m
Quarter ended 30 Jun 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil

US COLLATERALISED LOAN OBLIGATIONS (“CLOs”)

- Gil invested US\$9.69 million in mezzanine tranches of US CLOs over May and June 2011 with total current face amount of US\$10.87 million. The tranches were purchased at a discount to par in both the new issuance and secondary markets.
- The portfolio currently comprises 4 US CLO tranches. BMI CLO I and ALM IV, Ltd are new issue CLOs while Summit Lake CLO, Ltd and GoldenTree Loan Opportunities IV, Limited were acquired from the secondary market.
- CLO fundamentals have improved with collateral defaults declining and over-collateralisation levels increasing across the capital structure. In addition, since July 2010, the number of rating upgrades for CLO tranches has been higher than the number of downgrades.

Portfolio Details

Security	Current Rating (Moody's/S&P)	Current Face @ Acquisition	Coupon	Credit Support
BMI CLO I Class D	NR/BB	2,500,000.00	3mL + 300bp	8.50%
Summit Lake CLO, Ltd Class B1L	B1*+/BB+	2,000,000.00	3mL + 180bp	8.70%
GoldenTree Loan Opportunities IV, Limited Class D	B3*+/BB	3,370,000.00	3mL + 425bp	10.96%
ALM IV, Ltd Class E	NR/BB	3,000,000.00	3mL + 420bp	9.67%
CLO Total		10,870,000.00		

KEY INFORMATION

As at 30 Jun 11

Carrying Value US\$ 9.73m

Quarter ended 30 Jun 11

Impairment for the quarter : Nil

Cumulative Impairment (less reversals) : Nil