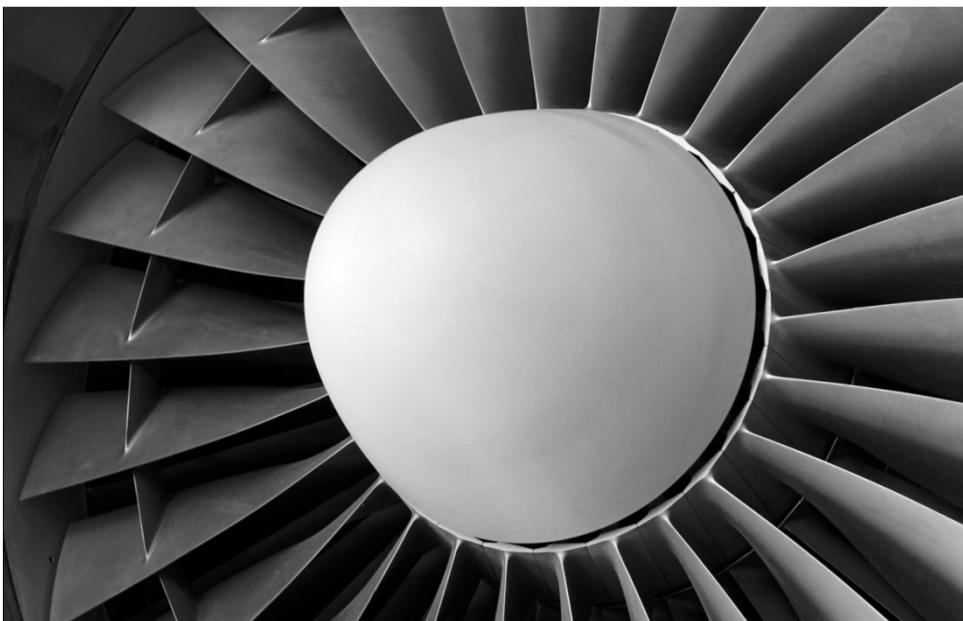




Current Asset Review

Period ended 30 September 2011

OPERATING LEASE ASSETS



FLY LEASING LIMITED

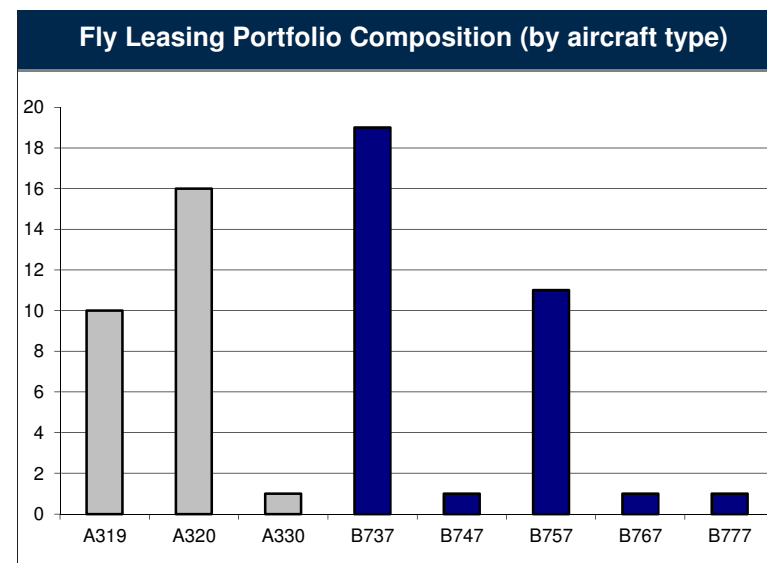
- GIL owns 1,051,010 shares (or 4.1%) in Fly Leasing Limited (“Fly Leasing”) which is listed on the New York Stock Exchange.
- Fly Leasing has a fleet of 60 commercial aircraft on lease globally.
- Average age of fleet approximately 8.4 years with 4.4 years weighted average lease term and approximately 34 lessees worldwide as at 30 June 11.
- 3Q11 gross dividend of US\$0.20 per share to be received in November 2011.
- The general positive outlook for the aircraft lessor industry due to recovery of air travel demand and increased profitability of airlines is currently being overshadowed by the weakening of global macroeconomic conditions.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	US\$11.93m
Quarter ended 30 Sep 11	
Impairment to Equity:	US\$ 1.95m
Cumulative Impairment (less reversals):	US\$ 12.24m

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	3 October 2011
JPMorgan	Neutral	US\$16.50	4 August 2011
Citigroup	Buy	US\$14.70	12 August 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 given its vintage and supply of older 757s continues to outweigh demand.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	US\$24.80 ²
Quarter ended 30 Sep 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\$13.46m.

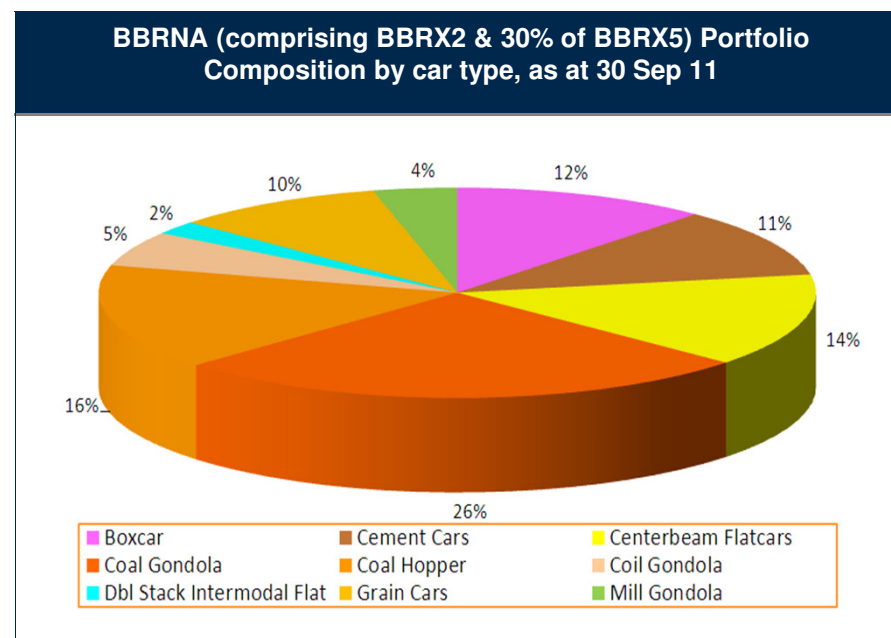
³ Excludes acquisition costs.

BABCOCK & BROWN RAIL NORTH AMERICA

- Babcock & Brown Rail North America (“BBRNA”) is a U.S. limited liability company and was previously 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”). In August 2011, the BBRX1, BBRX3 and BBRX4 entities were dissolved.
- GIL has a 41.5% interest in BBRNA which owns a portfolio of railcars on lease in North America.
- Besides BBRX2 and 30% of BBRX5, the other portfolios in BBRNA had been foreclosed and sold off by their respective lenders. Therefore, the entities without any operating assets (BBRX1, BBRX3 and BBRX4) were dissolved in August 2011.
- Forbearance agreement with the lender of BBRX2 and the remaining 30% of BBRX5 was until 14 March 2011. The lender has served notice of disposition in October 2011 with respect to both these entities.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	0
Quarter ended 30 Sep 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.

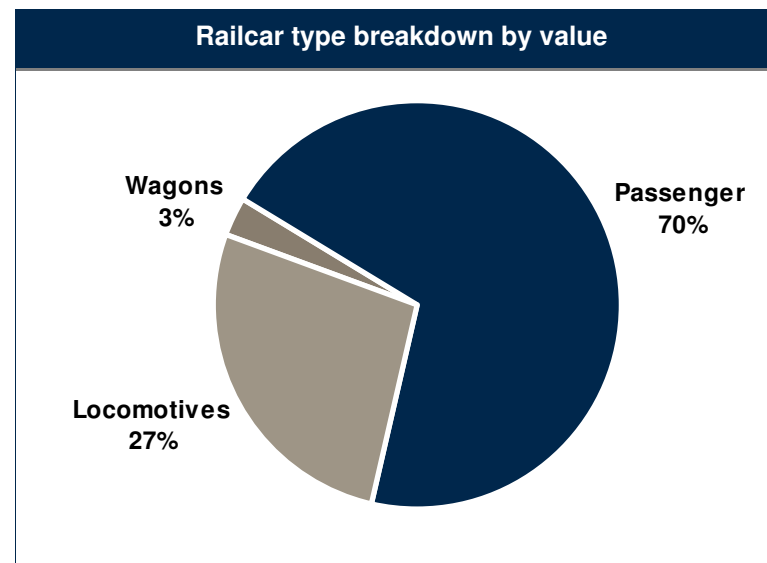


ASCENDOS INVESTMENTS LIMITED

- 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 third quarter of 2011.
- The portfolio was fully leased except for one locomotive which was undergoing overhaul in the third quarter of 2011.
- While demand for locomotives remains buoyant, there are signs of weakening in freight volumes from the traffic flows. Demand for passenger trains remains positive as operators are working on new transport services and will be issuing tenders for passenger rail equipment in the coming one to two years.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	0
Quarter ended 30 Sep 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.
- Overall the performance of the collateral was mixed over the quarter. While losses increased from A\$35,150 in 2Q2011 to A\$428,612 in 3Q2011, the 30+ day arrears decreased to 11.13%. The average prepayment rate increased during the quarter.
- 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 Sep 11	
Carrying Value ¹	A\$ 8.14m
Quarter ended 30 Sep 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil
Portfolio as at 30 Sep 11	
No. of Loans	544
Average Loan Size	A\$230,143
Weighted Average LVR	67.57%
Weighted Average Seasoning	59.99 months

Capital Structure as at 17 Oct 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	70.1
Class A2 Notes (Mezz)	AAA/Aaa	AAA/Aaa	14.0
Class A3 Notes (Jnr)	AAA/Aa1	AAA/Aaa	8.3
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 was mixed over the quarter. While losses decreased and 30+ day arrears decreased by 0.67 percentage points to 24.01%, excess spread was insufficient to fully absorb the losses of approximately A\$1.60 million resulting in the increase of carried forward charge offs from A\$3.51m to A\$4.07m over the quarter.
- The average prepayment rate decreased during the quarter.
- The Class F and Class G Notes have received full interest payments during the quarter.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	A\$ 25.22m
Quarter ended 30 Sep 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	A\$14.22m
Portfolio as at 30 Sep 11	
No. of Loans	490
Average Loan Size	A\$443,364
Weighted Average LVR	83.75%
Weighted Average Seasoning	50.75 months

Capital Structure as at 7 Oct 11			
Notes	Initial Rating (S&P)	Current Rating (S&P)	Outstanding Amount (A\$ m)
Class A Notes	AAA	NA ²	28.8
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. 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. There were no realised losses in 3Q2011 as in 2Q2011 and the 30+ day arrears only increased slightly by 0.21 percentage points to 21.87%. However, the 90+ day arrears increased by 7.61 percentage points and the total carried forward charge offs increased by 4.69%. The average prepayment rate increased over the quarter.
- The Class G Notes stopped receiving interest in June 2011 because the total carried forward charge offs exceeded its stated balance. No interest is expected to be paid to Class G Notes in October 2011.
- The Class N Notes have not received cash flow since August 2007.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value ¹	0
Quarter ended 30 Sep 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	A\$ 15.08m
Portfolio as at 20 Sep 11	
No. of Loans	130
Average Loan Size	A\$474,848
Weighted Average LVR	77.55%
Weighted Average Seasoning	60.17 months

Capital Structure as at 28 Sep 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	2.4
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.
- During the quarter, there was one default in July 2011 but it was no longer in default in August 2011. 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 was breached by 0.57% and a portion of the cash flows may 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		Capital Structure as at 30 Sep 11			
As at 30 Sep 11		Notes	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (€m)
Carrying Value ¹	€ 1.12 m	Class A1	AAA/ AAA	AA+/ AAA	301.5
Quarter ended 30 Sep 11		Class A2	AAA/ AAA	A+/ AAA	64.0
Impairment to Equity:	€ 0.8 m	Class B	AA/ AA	BBB+/ AA	19.4
Cumulative Impairment (less reversals):	€ 2.38 m	Class C	A/ A	BB+/ A	31.5
Portfolio as at 30 Sep 11		Class D	BBB/ BBB	BB-/ BBB	20.0
Portfolio Par Value	€ 496.3 m	Class E	BB/ BB	CCC+/ B+	23.9
No. of Obligors	81	Class F	B/ B	CCC-/ B-	10.0
Weighted Average Spread	3.08%	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.
- The next coupon payment is scheduled in November 2011.
- During the quarter, there was one default in July 2011 but it was no longer in default in August 2011. 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 0.10%. 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 0.40% 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 Sep 11	
Carrying Value ¹	€ 6.77 m
Quarter ended 30 Sep 11	
Reversal of Impairment to Equity:	€ 0.32 m
Cumulative Impairment (less reversals):	€ 7.36 m
Portfolio as at 30 Sep 11	
Portfolio Par Value	€ 688.6 m
No. of Obligors	77
Weighted Average Spread	3.09%

Capital Structure as at 30 Jun 11			
Notes	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%.
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.
- On 15 September 2011, Fitch Rating Agency upgraded both Class T and Class Q from CCC and CC to B and CCC respectively.

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value	0
Quarter ended 30 Sep 11	
Impairment for the quarter:	Nil
Cumulative Impairment:	£ 3.7 m
Portfolio as at 2 Aug 11	
No. of Loans	3,271
Average Loan Size	£ 105,516
Weighted Average LVR	80.40%
Seasoning	60.10 months

Capital Structure as at 30 Sep 11			
Note/ Certificate	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (£m)
Class A & M	AAA/ AAA	A+/ AAA	259.4
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/ B	2.2
Class Q	BBB/ BBB	CCC/ CCC	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\$539,316 during this quarter, consisting principal of US\$520,134 and interest of US\$19,182.
- During the quarter, GIL sold its position in American Home Mortgage Investment Trust 2005-4 1A3, realizing a profit of US\$890,707.
- As at 26 Sep 2011, the total current face amount was US\$14.97 million with cumulative principal collection of US\$3.39 million since the first purchase of RMBS beginning June 2010.

Security	Current Rating (Moody's/S&P)	Current Face @ Acquisition	Current Face @ 26 Sep 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	4,294,243	1mL + 21bp	42.81%	635,021	53.52%
Bear Stearns Mortgage Funding Trust 2006-AR5 1A1	Caa2/CCC	5,208,097	4,741,101	1mL + 16bp	35.88%	466,996	54.40%
Bear Stearns Mortgage Funding Trust 2007-AR4 1A1	Caa2/CCC	4,642,119	4,196,918	1mL + 20bp	43.02%	445,201	58.03%
Carrington Mortgage Loan Trust, Series 2006-NC3 A2	Caa1/CCC	2,231,186	1,733,899	1mL + 10bp	26.17%	497,287	43.08%

* 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 Sep 11	
Carrying Value	US\$ 9.02m
Quarter ended 30 Sep 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil

COLLATERALISED LOAN OBLIGATION (“CLO”) SECURITIES

- During the quarter, GIL invested US\$8.08 million in Sealane II (Trade Finance) Limited’s Credit-Linked Floating Rate Notes (“CLN”). The CLN gives GIL exposure to a portfolio of trade finance loans and obligations originated by Standard Chartered Bank (“SCB”) and held on its balance sheet. The reference portfolio comprises a diversified pool of over 10,000 reference obligations with average tenure of less than 91 days, and the obligors are mainly domiciled in Asia. SCB retains the first loss tranche below the CLN, as well as the senior tranche. The CLN has a coupon of Libor + 14%.
- With this investment, GIL has invested a total of US\$17.77 million in CLO securities as at September 2011 with total current face amount of US\$18.87 million.
- Structured credit fundamentals have improved with corporate defaults declining and CLO 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	8.64%
Summit Lake CLO, Ltd Class B1L	Baa3/BB+	2,000,000.00	3mL + 180bp	8.89%
GoldenTree Loan Opportunities IV, Limited Class D	Ba2/BB	3,370,000.00	3mL + 425bp	11.50%
ALM IV, Ltd Class E	NR/BB	3,000,000.00	3mL + 420bp	9.67%
Sealane II (Trade Finance) Limited	NR/NR	8,000,000.00	3mL + 1400bp	* (see note below)
CLO Total		18,870,000.00		

* The first loss tranche amounting to 1% of the initial portfolio is retained by SCB

KEY INFORMATION	
As at 30 Sep 11	
Carrying Value	US\$ 18.11m
Quarter ended 30 Sep 11	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil