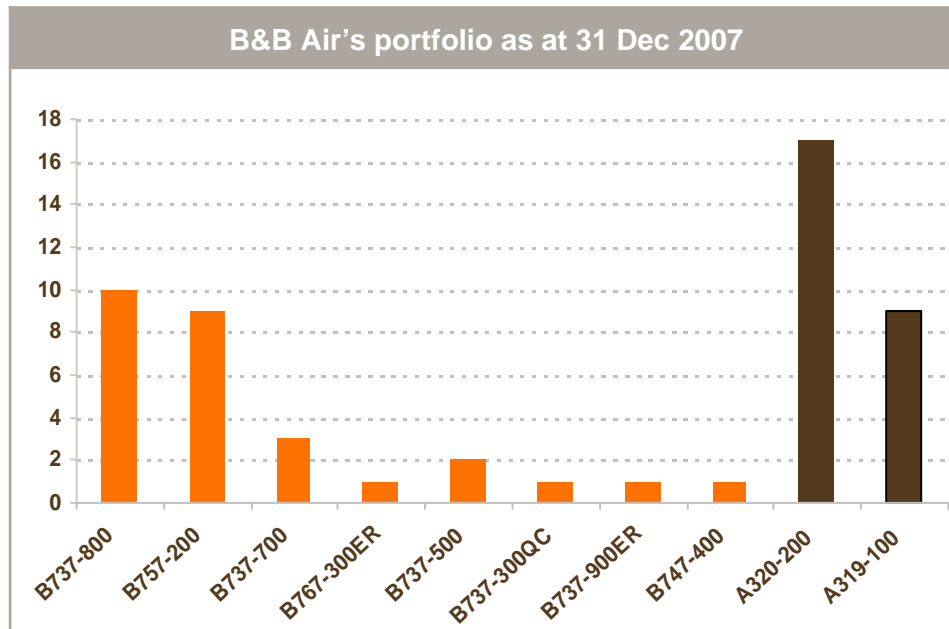


Current Asset Review - Operating Lease Assets

BABCOCK & BROWN AIR LIMITED (B&B Air)

Key Information	FY2007
Carrying Value	US\$19.1 m
Cash Economic Income	US\$0.42 m, net of 20% withholding tax
Impairment	Nil
Mark-to-Market Adjustment	-US\$5.0 m

- B&B Air owns a diverse portfolio of over 50 commercial aircraft on lease around the world. The average age of the fleet is approx 6 years
- BBSFF owns 1,051,010 shares in B&B Air received upon monetisation of its investments in JET-i Group
- Shares are in escrow until September 2008
- Growth in aviation sector and air travel generally expected



Analyst coverage for B&B Air:

Brokerage	Rating	52 Week Target Price	As Of
Credit Suisse	Outperform	\$26.00	6 Nov 07
Merrill Lynch	Buy	\$25.00	6 Nov 07
Jefferies & Co. Inc.	Buy	\$25.00	6 Nov 07
Citigroup	Buy	\$28.60	13 Dec 07

Opportunities for B&B Air to grow portfolio.

Since its IPO in Sep 07, B&B has further acquired 7 commercial aircrafts, increasing its portfolio to 54 aircrafts.



BABCOCK & BROWN AIRCRAFT LESSOR NO.2

Key Information	FY2007
Carrying Value	US\$28.7 m*
Cash Economic Income	US\$1.19 m
Impairment	Nil
Mark-to-Market Adjustment	Nil
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

- BBSFF 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\$18.4m

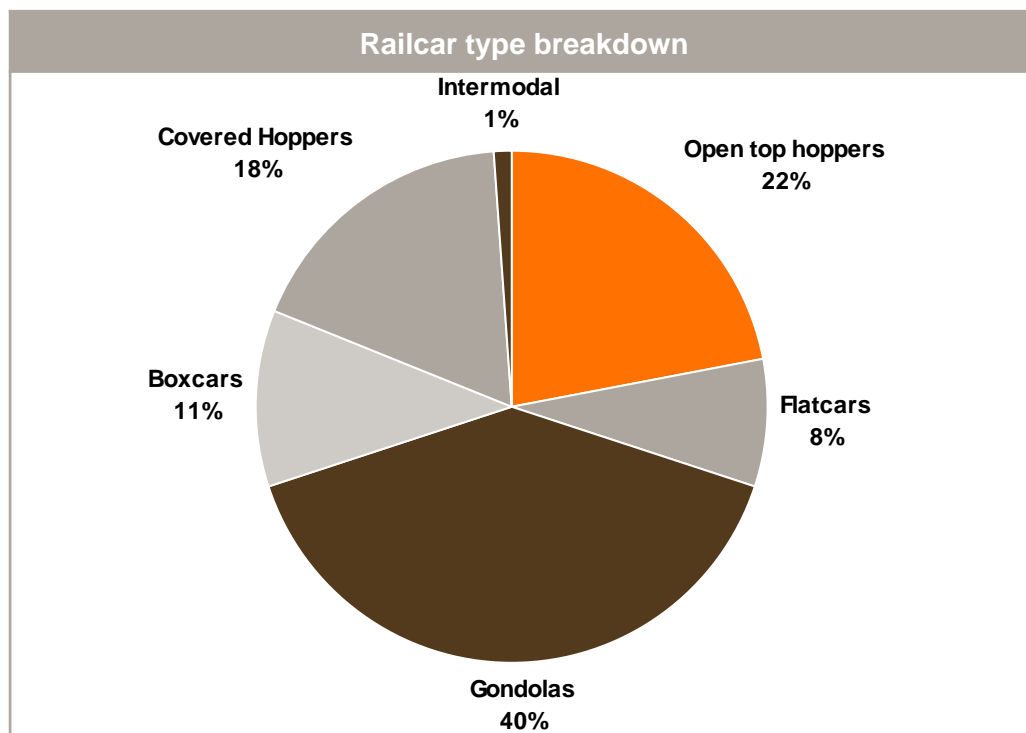
** Excluding acquisition costs



BABCOCK & BROWN RAIL NORTH AMERICA

Key Information	FY2007
Carrying Value	US\$45.7 m
Cash Economic Income	US\$3.20 m
Impairment	Nil
Mark-to-Market Adjustment	Nil

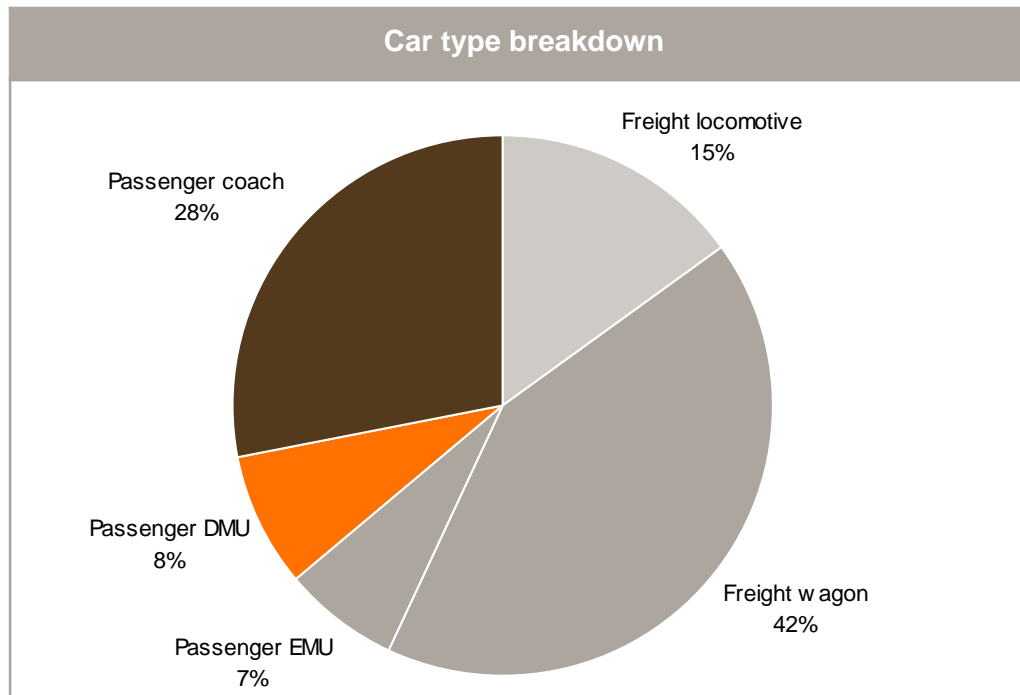
- BBRNA owns a diverse fleet of 13,535 railcars on lease in North America with over 50 lessees
- 77% of total fleet (by car count) is leased to investment grade lessees
- 80% of lease rental is contracted for FY08
- 97% of fleet is leased
- Demand for modern railcars remains strong despite slow down in US housing, but some contraction in lease rates being experienced
- Diversity of railcar types minimises concentration risk to a specific industry although overweight in coal sector
- Interest cost structured to match income profiles of underlying leases reducing any potential interest rate risk at the BBRNA level



CBRAIL

Key Information	FY07
Carrying Value	€4.4 m
Cash Economic Income	Nil (investment occurred on 31 Dec 2007)
Impairment	Nil
Mark-to-Market Adjustment	Nil

- CBRail owns a fleet of 238 railcars on lease in mainland Europe, comprised of both locomotives and passenger railcars
- BBSFF is committed to further invest €1.3m when CBRail buys additional passenger railcars in Q108
- 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
- Liberalisation of European rail market has led to new locomotive lease operators gaining market share
- 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	FY2007
Carrying Value	A\$11.2 m
Cash Economic Income	A\$1.48 m
Impairment	Nil
Mark-to-Market Adjustment	-\$103,000
Portfolio as at 31 Dec 2007	
No. of Obligors	913
Average Loan Size	A\$241,221
Weighted Average LVR	70.36%
Weighted Average Seasoning	21.7 months

- BBSFF has an investment in 2 classes of notes in Pepper Residential Securities No.5 Securitisation issued on 30 May 2006
- BBSFF's investment is secured against a portfolio of registered first mortgages over Australian residential property
- Cumulative losses in line with 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

Capital structure as at 31 Dec 2007

Note Rating	Outstanding Amount (A\$ m)
AAA (Snr)	147.6
AAA (Mezz)	29.0
AAA (Jnr)	18.2
A+	13.0
BBB	12.4
Non rated note	5.0
Senior NIM note	6.2
Junior NIM note	Balance of excess spread



ANCORA – PEPPER SECURITISATION NO.3

Key Information	FY2007
Carrying Value	A\$23.0 m
Cash Economic Income	A\$1.09 m
Impairment	Nil
Mark-to-Market Adjustment	-A\$452,000
Portfolio as at 31 Dec 2007	
No. of Obligors	1,854
Average Loan Size	A\$267,913
Weighted Average LVR	71.20%
Weighted Average Seasoning	15.02 months

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

Capital structure as at 31 Dec 2007	
Note Rating	Outstanding Amount (A\$ m)
AAA (Snr)	350.3
AAA (Mezz)	70.1
AAA (Jnr)	41.3
A+	19.5
BBB	18.9
Non rated note	8.1
Senior NIM note	14.6
Junior NIM note	Balance of excess spread



ANCORA – SEIZA WAREHOUSE NOTE INVESTMENT

Key Information	FY2007
Carrying Value	A\$42.6 m
Cash Economic Income	A\$2.75 m
Impairment	Nil
Mark-to-Market Adjustment	Nil
Portfolio as at 31 Dec 2007	
No. of Obligors	1,563
Average Loan Size	A\$493,655
Weighted Average LVR	79.12%
Weighted Average Seasoning	6.54 months

- BBSFF has an investment in 3 classes of notes issued by Seiza 2006–1 Trust
- BBSFF's investment is secured against a portfolio of registered first mortgages over Australian residential and commercial property
- Cumulative losses to date higher than expectations by 0.04% of the current pool balance and have all been absorbed by excess spread
- Transaction benefits from decreasing leverage as the NIM notes balance remains steady against an increasing pool of loans
- No interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

Capital structure as at 14 Jan 2008	
Note Rating	Outstanding Amount (A\$ m)
AAA (Class A notes)	597.6
AA (Class B notes)	40.8
A (Class C notes)	40.8
BBB (Class D notes)	36.9
BB (Class E notes)	14.6
B (Class F notes)	10.8
N/R (Class G notes)	27.7
NIM notes	10.8



ANCORA – SEIZA AUGUSTUS SERIES 2007-1 TRUST

Key Information	FY2007
Carrying Value	A\$14.9 m
Cash Economic Income	A\$0.38 m
Impairment	Nil
Mark-to-Market Adjustment	-A\$50,000
Portfolio as at 31 Dec 2007	
No. of Obligors	483
Average Loan Size	A\$607,435
Weighted Average LVR	76.48%
Weighted Average Seasoning	14.46 months

- BBSFF has an investment in 2 classes of notes issued by Seiza Augustus Series 2007-1 Trust
- BBSFF's investment is secured against a portfolio of first mortgages over Australian residential and commercial property
- Cumulative losses in line with expectations
- Investment protected by build up of funds in reserve and recent structural changes provide further protection
- No interest rate sensitivity due to natural hedging between funding and receipts, thus preserving margins

Capital structure as at 28 Dec 2007	
Note Rating	Outstanding Amount (A\$ m)
AAA (Class A notes)	207.1
AA (Class B notes)	20.2
A (Class C notes)	21.8
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



ANCORA – PROVIDENT CASHFLOW LIMITED

Key Information	FY2007
Carrying Value	A\$14.0 m
Cash Economic Income	A\$0.49 m
Impairment	Nil
Mark-to-market Adjustment	Nil
Portfolio as at 31 Dec 2007	
No. of Obligors	110
Average Loan Size	A\$322,351
Average Term of Loans	106 days

- Revolving purchase facility to PCL – 3 years with annual review periods at discretion of Ancora, secured against inventory
- BBSFF’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 to date
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin



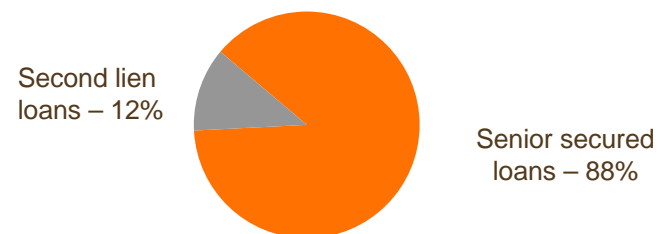
AVOCA VI CLO INVESTMENT

Key Information	FY2007
Carrying Value	€3.6 m
Cash Economic Income	€0.45 m
Impairment	Nil
Mark-to-Market Adjustment	-€549,000
Portfolio as at 31 Dec 2007	
No. of Obligors	63
Average Loan Size	€7.9 m
Loan Type	Typically senior secured (88%)

Capital structure as at 4 Jan 2008		
Note Rating	Outstanding Amount (€m)	Margin (bps)
AAA (Snr) (Class A notes)	301.5	21
AAA (Sub) (Class A notes)	64.0	28
AA (Class B notes)	19.4	35
A (Class C notes)	31.5	55
BBB (Class D notes)	20.0	135
BB (Class E notes)	23.9	335
B (Class F notes)	10.0	495
N/R (Class M notes)	37.8	N/A

- BBSFF 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”)
- Despite reduced market value of loans in portfolio, performance of borrowers continues to remain strong with no defaults in the portfolio over 2007
- Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in market interest margins
- Underlying investment is largely insulated from movements in interest rates, but the return is affected by credit spreads

Portfolio value as at 31 Dec 2007



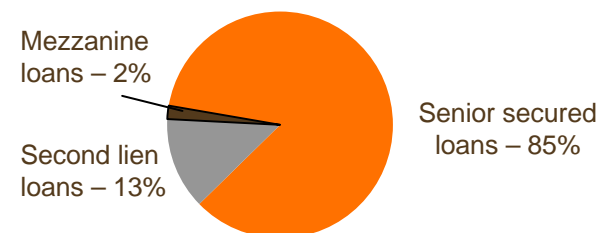
AVOCA VII CLO INVESTMENT

Key Information	FY2007
Carrying Value	€13.9 m
Cash Economic Income	€0.95 m
Impairment	Nil
Mark-to-Market Adjustment	-€ 1.4 m
Portfolio as at 31 Dec 2007	
No. of Obligor	73
Average Loan Size	€9.6 m
Loan Type	Typically senior secured (85%)

- BBSFF 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
- Despite reduced market value of loans in portfolio, performance of borrowers continues to remain strong with no defaults in the portfolio over 2007
- Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in market interest margins
- Underlying investment is largely insulated from movements in interest rates, but the return on the subordinated note is affected by credit spreads

Capital structure as at 31 Dec 2007		
Note Rating	Outstanding Amount (€m)	Margin (bps)
AAA (Snr) (Class A notes)	284.0	21
AAA (Sub) (Class A notes)	62.5	28
AAA (Sub) (Class A notes)	145.0	22
AA (Class B notes)	48.5	37
A (Class C notes)	42.0	58
BBB (Class D notes)	23.0	125
BB (Class E notes)	28.3	340
B (Class F notes)	14.0	495
N/R (Class G notes)	48.0	N/A

Portfolio value as at 31 Dec 2007



MORTGAGES PLC SECURITISATION INVESTMENT

Key Information	FY2007
Carrying Value	£6.7 m
Cash Economic Income	£1.15 m
Impairment	Nil
Mark-to-Market Adjustment	-£2.9 m
Portfolio as at 31 Dec 2007	
No. of Obligors	5,229
Average Loan Size	£108,791
Weighted Average LVR	79.97%
Weighted Average Seasoning	17.42 months

- BBSFF 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
- BBSFF’s notes are secured against a portfolio of registered first mortgages over UK residential property
- Cumulative realised losses as at 2 Feb 2008 higher than expectations by 0.04% of the initial pool balance
- Transaction benefits from house price appreciation since origination of the loans which should provide some protection in the event that UK housing market continues to soften as forecast
- Underlying investment is largely insulated from movements in interest rates due to hedging entered into at Newgate Funding 2006-3 plc level

Capital structure as at 31 Dec 2007	
Note Rating	Outstanding Amount (£m)
AAA (Class A, B & M notes)	539.9
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



PARADOX CAPITAL LLC – SUBORDINATED LOAN

Key Information	FY2007
Carrying Value	US\$15.1 m
Cash Economic Income	U\$1.99 m
Impairment	Nil
Mark-to-Market Adjustment	Nil

- 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 expected to repay BBSFF's loan during 1H08

Capital structure of Paradox transaction*	
Senior debt	US\$250 m
BBSFF subordinated debt	US\$20 m
Equity	US\$10 m

* When fully drawn



Current Asset Review - Alternative Assets

AGSO LOAN GUARANTEE

Key Information	FY2007
Carrying Value	A\$50.0 m
Cash Economic Income	A\$6.72 m
Impairment	Nil
Mark-to-market Adjustments	Nil
Terms of Guarantee	
Fee	12.5% less overnight cash rate
Security	Shares, subordinate to any loss by Deutsche Bank
Max LVR	80%, has been in the order of <70%
Role of Deutsche Bank	Monitor LVR and enforce security
Term	Expires June 2009

- A\$50.0 million guarantee to allow Babcock & Brown Group to borrow up to an additional A\$50.0 million from Deutsche Bank under a prime broking facility
- Interest rate risk reduced through return on cash (which supports the guarantee) being correlated with the overnight cash rate



PARAMOUNT MEZZANINE LOAN

Key Information	FY2007
Carrying Value	US\$17.0 m
Cash Economic Income	US\$2.30 m
Impairment	Nil
Mark-to-Market Adjustment	Nil

Sources of project funding	
Senior debt	US\$216 m
Senior Mezzanine Loan*	US\$2 m
Babcock & Brown / BBSFF Loan	US\$30 m
Equity	US\$31 m

* Pending completion, expected by mid March 2008

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

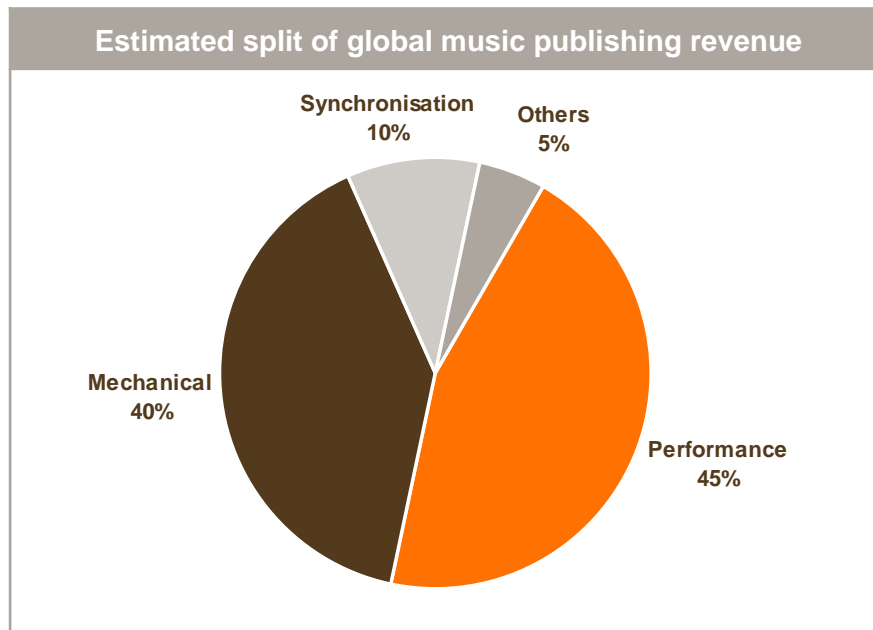
- Development loan on pari passu basis with Babcock & Brown Group
- Development is at least 37% complete per Dec 07 construction report and is expected to be completed mid-09
- Substantial pre-sales, with 20% cash deposits mitigate risks on completion and repayment
- Sales activity through 07/08 not 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	FY2007
Carrying Value	US\$56.0 m*
Cash Economic Income	Expect to receive US\$1.46 m
Impairment	Nil
Mark-to-Market Adjustments	Nil

*Includes limited recourse debt of US\$28.5m



- BBSFF has investment in a portfolio of music copyright assets with over 1,800 musical compositions, which entitles it to revenue from the use of the song whenever and however it is used
- 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 BBSFF 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 will fluctuate

