

# Current Asset Review

Period ended 30 June 2009

# OPERATING LEASE ASSETS



# BABCOCK & BROWN AIR LIMITED (B&B AIR)

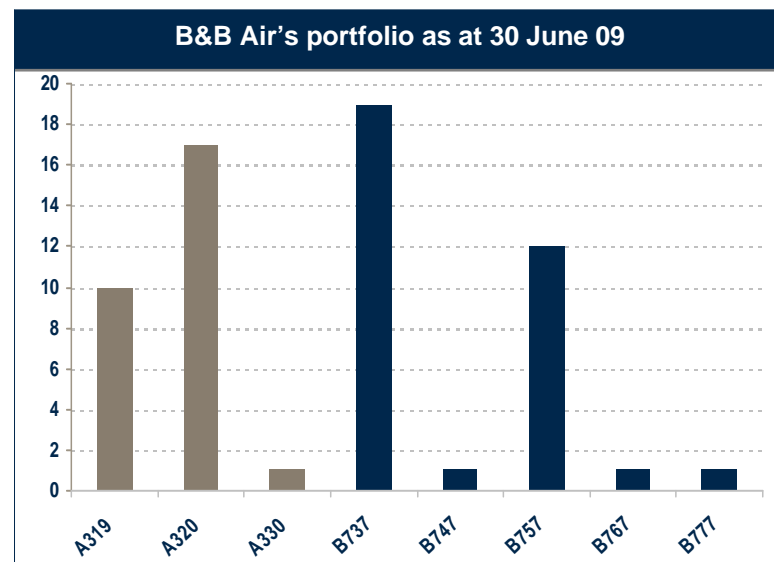
- Global lessor with fleet of 62 modern, fuel-efficient commercial aircraft on lease globally, with geographic diversity with approximately 36 lessees worldwide as at 30 Jun 09
- Average age of fleet approx 6.4 years with 5.4 years weighted average lease term as at 30 Jun 09
- GIL owns, 1,051,000 shares in B&B Air received upon monetisation of its investments in JET-i Group
- Q209 dividend of US\$0.20 per share declared in Jul 09
- Industry facing significant challenges from global economic slowdown

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	US\$8.2 m
Quarter ended 30 June 09	
<b>Impairment:</b>	Nil – partial reversal of impairment through equity

<sup>1</sup> 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 B&B Air:

Analyst	Rating	Target Price	As Of
JPMorgan	Neutral	US\$9.50	4 May 2009
Citigroup	Buy	US\$7.00	7 May 2009
Merrill Lynch	Buy	US\$8.00	9 May 2009



# BABCOCK & BROWN AIRCRAFT LESSOR NO.2

- GIL owns 2 Boeing 757-200 aircraft lease to Thomsonfly Limited which is wholly owned by TUI Travel plc listed on FTSE
- Long term lease until end April 2013
- Fixed lease rentals and fixed debt costs
- Current asset prices have again fallen as a result of a number of earlier vintage 757-200's being put up for release and deterioration in general market/economic conditions

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b> <sup>1</sup>	US\$27.1m <sup>2</sup>
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Aircraft lease details	
<b>Purchase Price of Aircraft</b>	US\$14.7 m each <sup>3</sup>
<b>Aircraft Type</b>	Boeing 757-200
<b>Manufacture Date</b>	1993
<b>Lease maturity Date</b>	30 April 2013
<b>Lease rate</b>	US\$160,000 per month per aircraft

<sup>1</sup> 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

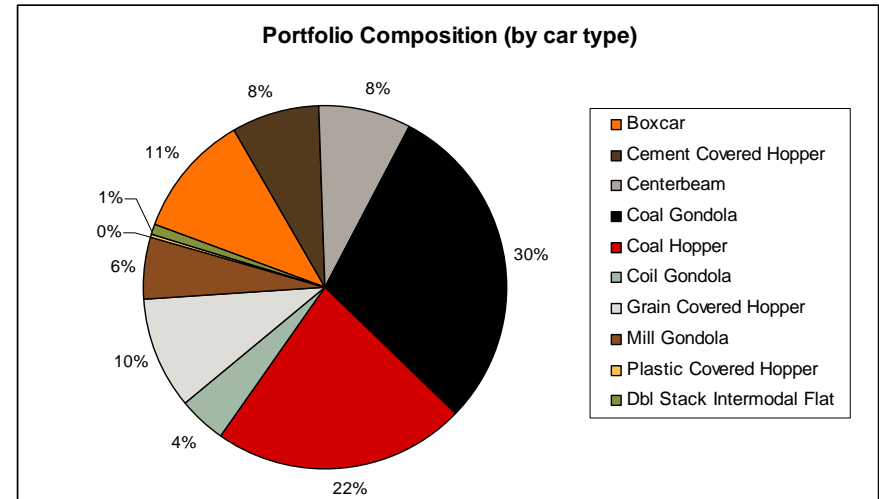
<sup>2</sup> Includes debt of approximately US\$16.7m

<sup>3</sup> Excludes acquisition costs

# BABCOCK & BROWN RAIL NORTH AMERICA (BBRNA)

- GIL has a 41.5% equity interest in Babcock & Brown Rail North America Pty Ltd (“BBRNA”) which owns a fleet of over 13,000 railcars for lease in North America with over 60 lessees
- Asset have been fully written down to nil due to worsened outlook of BBRNA and the sector.
- Swap collateralisation payment of US\$17.6m is due in Sep 09 (remains unresolved as to how this will be funded)
- Portfolio expected to be up to 30% off lease by end of 2009
- Nov 08 desktop valuations confirmed that the valuation of the combined BBRNA portfolio declined by 3.6% against the Nov 07 valuations

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b>	0
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil

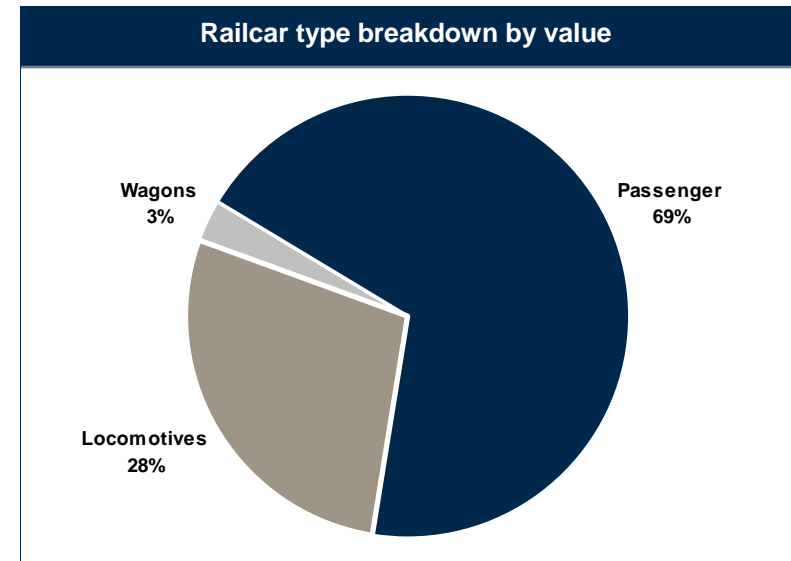


# BABCOCK & BROWN RAIL INVESTMENTS (BBRIL)

- GIL has a 35% equity interest in Babcock & Brown Rail Investments Pty Ltd (“BBRIL”)
- BBRIL owns CBRail Leasing Group, an operating lessor with portfolio of 3 passenger train fleets, over 30 locomotives and 100 freight wagons in mainland Europe
- Fleet operated by both public and private sectors in countries such as Germany, Belgium, Holland and Denmark
- 100% of lease rental is contracted for FY09, no arrears at 13 August 2009 - limited sign of downturn affecting CBRail’s portfolio to date
- Demand for new freight cars in some sectors starting to weaken as general economic conditions worsen
- Asset written down to a nil balance due to equity accounting resulting from fair valuing the interest rate swaps in the CBRail portfolio
- Management team in the process of evaluating opportunities to de-link from the Babcock & Brown Group

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	0
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil

<sup>1</sup> 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 SECURITISATION NO.2

- GIL has an investment in the non rated note in Pepper Residential Securities No.5 Securitisation issued on 30 May 2006, secured against a portfolio of registered first mortgages over Australian residential property (the Group's investment in the Senior NIM note repaid on 15 July 2009)
- Cumulative losses in line with expectations and have all been absorbed by excess spread. However downside risks in the Australian economy remain which could lead to an increase in future losses
- While property prices in Australia have softened there is still expected to be embedded house price appreciation in the portfolio given the average seasoning of the portfolio and diversification of mortgages across different states and between city and suburban areas
- The portfolio weighted average interest margin has increased which, all else being equal, will lead to an increase in excess spread
- Build up of funds of approximately A\$2.1m in reserve accounts providing support to the capital structure. The non rated note is a bullet, to be repaid on the expected call date

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	A\$5.2m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 15 Jul 09 <sup>2</sup>	
<b>No. of Obligors</b>	513
<b>Average Loan Size</b>	A\$232,739
<b>Weighted Average LVR</b>	69.62%
<b>Weighted Average Seasoning</b>	39.66 months

<sup>1</sup> 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

Capital Structure as at 15 Jul 09 <sup>2</sup>	
Note Rating	Outstanding Amount (A\$m)
AAA (Snr)	69.4
AAA (Mezz)	13.6
AAA (Jnr)	8.6
A+	10.8
BBB	10.3
<b>Non rated note</b>	<b>5.0</b>
Junior NIM note	Balance of excess spread

<sup>2</sup> 15 day lag between collateral receipts and payments to capital structure

# PEPPER SECURITISATION NO.3

- GIL has an investment in the non rated note in Pepper Residential Securities No.6 Securitisation issued on 27 March 2007, secured against a portfolio of registered first mortgages over Australian residential property (the Group's investment in the Senior NIM note repaid on 15 Apr 2009)
- Cumulative losses in line with expectations and have all been absorbed by excess spread. However downside risks in the Australian economy remain which could lead to an increase in future losses
- While property prices in Australia have softened there is still expected to be embedded house price appreciation in the portfolio given the average seasoning of the portfolio and diversification of mortgages across different states and between city and suburban areas
- The portfolio weighted average interest margin has increased which, all else being equal, will lead to an increase in excess spread
- Build up of funds of approximately A\$2.8m in reserve accounts providing support to the capital structure. The non rated note is a bullet, to be repaid on the expected call date

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	A\$8.2m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 15 Jul 09 <sup>2</sup>	
<b>No. of Obligors</b>	1,119
<b>Average Loan Size</b>	A\$257,686
<b>Weighted Average LVR</b>	69.08%
<b>Weighted Average Seasoning</b>	32.74 months

<sup>1</sup> 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

Capital Structure as at 15 Jul 09 <sup>2</sup>	
Note Rating	Outstanding Amount (A\$m)
AAA (Snr)	182.7
AAA (Mezz)	36.6
AAA (Jnr)	21.5
A+	18.8
BBB	18.2
<b>Non rated note</b>	<b>8.2</b>
Junior NIM note	Balance of excess spread

<sup>2</sup> 15 day lag between collateral receipts and payments to capital structure

# SEIZA WAREHOUSE NOTE INVESTMENT

- GIL has an investment in 3 classes of notes in Pepper Residential Securities No.6 Securitisation issued on 27 March 2007, secured against a portfolio of registered first mortgages over Australian residential and commercial property
- Cumulative losses above expectations but to date have been absorbed by excess spread. However there are heightened downside risks in the Australian economy which could lead to an increase in future losses
- The portfolio weighted average interest margin has increased over the quarter which, all else being equal, will lead to an increase in excess spread
- The Senior NIM is currently amortising while the Class F and Class G Notes will not begin to amortise until the more senior notes are repaid

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	A\$41.1m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 7 Jul 09	
<b>No. of Obligors</b>	1,236
<b>Average Loan Size</b>	A\$478,751
<b>Weighted Average LVR</b>	81.85%
<b>Weighted Average Seasoning</b>	22.72 months

<sup>1</sup> 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

Capital Structure as at 7 Jul 09	
Note Rating	Outstanding Amount (A\$m)
AAA (Class A notes)	422.4
AA (Class B notes)	38.3
A (Class C notes)	60.0
BBB (Class D notes)	33.4
BB (Class E notes)	15.8
<b>B (Class F notes)</b>	<b>10.8</b>
<b>N/R (Class G notes)</b>	<b>26.0</b>
<b>Senior NIM notes</b>	<b>9.8</b>
Junior NIM	8.6

# SEIZA AUGUSTUS SERIES 2007-1 TRUST

- GIL has an investment in 2 classes of notes issued by Seiza Augustus Series 2007-1 Trust, 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
- Increased losses expected to continue over the medium term placing increasing pressure on excess spread. Increase in the portfolio weighted average margin over the quarter will partially offset expected increased losses
- Class N balance written to a nil balance due to increased losses and crash trapping within the trust likely to stop any future cash-flow to the Class N note
- Class G note will not begin to amortise until the more senior notes are fully repaid

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value <sup>1</sup></b>	A\$7.4m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 29 Jun 09	
<b>No. of Obligors</b>	255
<b>Average Loan Size</b>	A\$558,703
<b>Weighted Average LVR</b>	80.69%
<b>Weighted Average Seasoning</b>	33.46 months

<sup>1</sup> 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

Capital Structure as at 29 Jun 09	
Note Rating	Outstanding Amount (A\$m)
AAA (Class A notes)	78.0
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
<b>N/R (Class G notes)</b>	<b>10.3</b>
Senior NIM notes (Class M notes)	4.7
<b>Junior NIM (Class N notes)</b>	<b>4.1</b>

# PROVIDENT CASHFLOW LIMITED

- GIL has a revolving purchase facility to PCL – 18 months with annual review periods at discretion of GIL, secured against inventory
- GIL's investment is secured against:
  - ✓ loan receivables
  - ✓ A\$9m first loss insurance policy provided by Coface
  - ✓ underlying customer receivables
  - ✓ a 10% cash deposit, i.e. reserving feature, and
  - ✓ a fixed and floating charge over the assets of PCL and certain director indemnities
- Facility performing in line with expectations to date however there are continued downside risks in the Australian economy which could lead to an increase in arrears and insurance claims
- Investment scheduled to amortise to A\$7m by 12 December 2009 and be repaid in full by 15 June 2010

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b> <sup>1</sup>	A\$4.2m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 30 Jun 09	
<b>No. of Obligors</b>	41
<b>Average Loan Size</b>	A\$221,638

<sup>1</sup> 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

# AVOCA VI CLO INVESTMENT

- GIL has an investment in Class M notes secured against European senior secured and second lien loans which were issued by Avoca VI CLO plc on 16 November 2006 and managed by Avoca Capital Holdings (“Avoca”)
- To date cash-flow received has been in line with expectations and defaults experienced in the portfolio have been in line with expectations
- Portfolio management strategy is focused on minimising credit risk and building par through the re-investment of principal and a portion of the excess interest
- Defaults in European leveraged loans have increased as a result of a deteriorating macro economic outlook for key European economies
- There is a risk that coupons to the Class M notes may be suspended in the short to mid term due to ratings downgrades in the underlying portfolio

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b> <sup>1</sup>	€0.4m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil (partial reversal in Q209)
Portfolio as at 30 Jun 09	
<b>Portfolio Par Value</b>	€490.4m
<b>No. of Obligors</b>	74
<b>Loan Type</b>	Majority senior secured

<sup>1</sup> 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

Capital Structure as at 30 Jun 09	
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
<b>N/R (Class M notes)</b>	<b>37.8</b>

# AVOCA VII CLO INVESTMENT

- GIL has an investment in Class F and G notes secured against European senior secured and second lien loans which were issued by Avoca VII CLO plc and managed by Avoca Capital Holdings (“Avoca”)
- To date cash-flow received and defaults experienced in the portfolio have been in line with expectations
- Portfolio management strategy is focused on minimising credit risk and building par through the re-investment of principal and a portion of the excess interest
- Defaults in European leveraged loans have increased as a result of a deteriorating macro economic outlook for key European economies
- There is a 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 hence the impairment charge previously recorded on the Class F note

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b> <sup>1</sup>	€6.2m
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil (partial reversal in Q209)
Portfolio as at 30 Jun 09	
<b>Portfolio Par Value</b>	€680.6m
<b>No. of Obligors</b>	72
<b>Loan Type</b>	Majority senior secured

<sup>1</sup> 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

Capital Structure as at 30 Jun 09	
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)	46.5
BBB (Class D notes)	31.5
BB (Class E notes)	31.0
<b>B (Class F notes)</b>	<b>14.0</b>
<b>N/R (Class M notes)</b>	<b>48.0</b>

# MORTGAGES PLC SECURITISATION INVESTMENT

- GIL 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
- GIL’s notes are secured against a portfolio of registered first mortgages over UK residential property
- Cumulative losses higher than expected and are forecast to continue due to deteriorating UK economic fundamentals and sharply declining house prices
- No further cash flow is expected to be received under the Series Residual Note and minimal cash flow is expected under the Series MERCS note, hence a significant impairment charge has been previously taken

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b>	0
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil
Portfolio as at 4 Aug 09	
<b>No. of Obligors</b>	3,831
<b>Average Loan Size</b>	£107 700
<b>Weighted Average LVR</b>	80.26%
<b>Seasoning</b>	27.29 months

Capital Structure as at 4 Aug 09	
Note Rating	Outstanding Amount (£m)
AAA (Class A & M notes)	324.1
AA (Class B notes)	39.5
A (Class C notes)	24.7
BBB (Class D notes)	15.6
BBB (Class T notes)	4.1
BB (Class E notes)	5.9
BB (Class Q notes)	6.5
<b>N/R Series MERCS</b>	<b>All prepayment penalties</b>
<b>N/R Series Residuals</b>	<b>All excess spread after repayment to T &amp; Q notes</b>

# ALTERNATIVE ASSETS



# PARAMOUNT MEZZANINE LOAN

- At 30 June 2009, GIL had invested in a secured subordinated loan to fund the development of an ultra-luxury condominium development in Miami, Florida
- The investment was previously written down to the present value of the remaining interest coupons – the coupons were received prior to 30 June 2009 which resulted in the asset being carried at a nil balance at 30 June 2009
- The asset was disposed of in July 2009 for US\$75,000

KEY INFORMATION	
As at 30 Jun 09	
<b>Carrying Value</b>	0
Quarter ended 30 Jun 09	
<b>Impairment:</b>	Nil