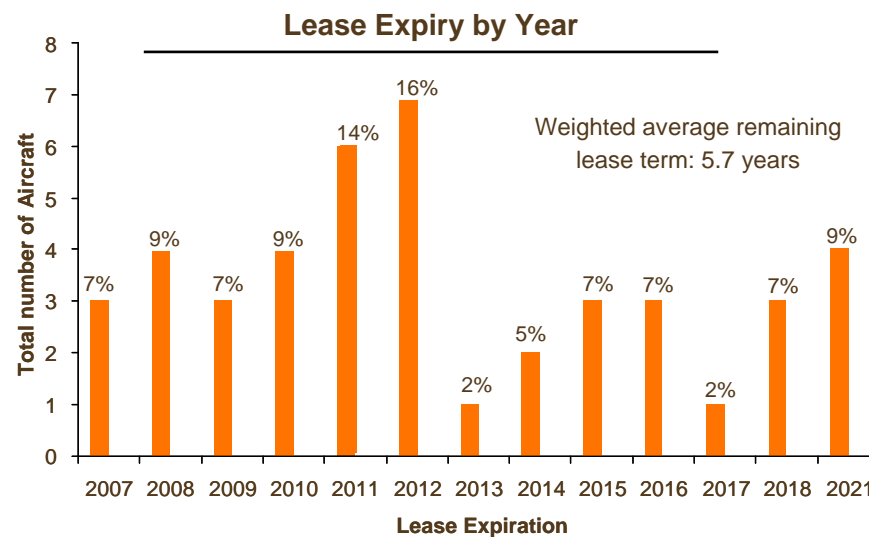
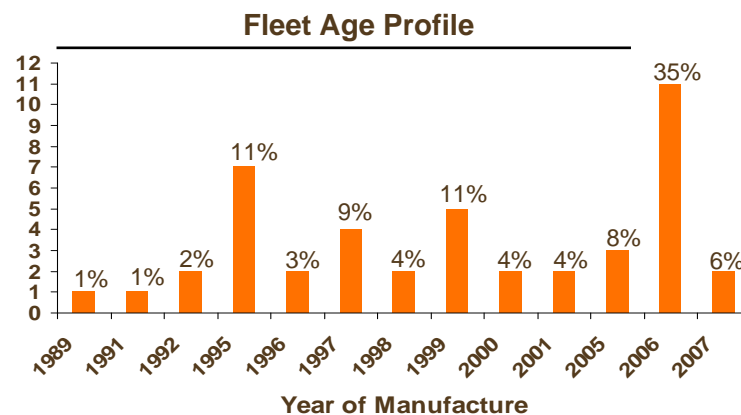


Current Asset Review - Operating Lease Assets

CLASS B MEMBERSHIP INTEREST IN JET-i Group

- Investment balance as at 30 June 2007: US\$14.7 million
- JET-i Group, fully invested in 44 commercial jets purchased at less than 87% of Base Value
- JET-i Investors, including BBSFF seeking to monetise their investment in the second half of 2007
- Investment has performed above expectations:
 - cash economic income higher than Prospectus Projection
 - ramp up of asset acquisition faster than anticipated
- Underlying interest cost structured to match income profile of underlying leases reducing any potential interest rate risk at the Jet-i level
- No indicators of impairment



JET-i portfolio at 30 June 2007

| | | |
|--|------------|-------|
| Number of aircraft | – B737-800 | 8 |
| | – A320-200 | 15 |
| | – B757-200 | 9 |
| | – Other | 12 |
| Manufacturer | – Airbus | 20 |
| | – Boeing | 24 |
| Number of lessees | | 26 |
| Largest lessee exposure (by contracted rent) | | 12.4% |

CDS ON JET-I LEASING TRANCHE B DEBT

- Investment balance as at 30 June 2007: US\$25.0 million
- BBSFF has a credit default swap (“CDS”) with Credit Suisse International that references JET-i Leasing’s Tranche B debt earning USD Libor plus 4.15 p.a.
- Investment has performed in line with expectations:
 - cash economic income in line with Prospectus Projection
 - will be repaid upon monetisation of Jet-i Group investment, anticipated in 2H 2007, but reinvestment undertaking from Babcock & Brown Group underpins cash economic income in 2007
- Total return varies based on movements in USD Libor
- No indicators of impairment



BABCOCK & BROWN AIRCRAFT LESSOR NO.2

- Investment balance as at 30 June 2007: US \$10.3 million
- BBSFF owns 2 Boeing 757-200 aircraft leased to First Choice Airways
- FedEx Express's announcement in late 2006 to replace part of its existing freighter fleet with Boeing 757-200 provides further opportunity for a freighter conversion as an exit option to BBSFF
- Investment has performed in line with expectations:
 - cash economic income in line with Prospectus Projections
 - AVITAS has upgraded current generic market value of 757-200 aircraft since IPO
- No interest rate risk (fixed debt funding cost)
- No indicators of impairment

Aircraft lease details

| | |
|----------------------------|--|
| Lessee | First Choice Airways |
| Guarantor | First Choice Holidays |
| Purchase price of aircraft | US\$14.7m each* |
| Aircraft type | Boeing 757-200 |
| Manufacture date | 1993 |
| Lease maturity date | 30 April 2013 |
| Rentals | <ul style="list-style-type: none">• US\$155,000 per month to April 2008• US\$160,000 per month thereafter |

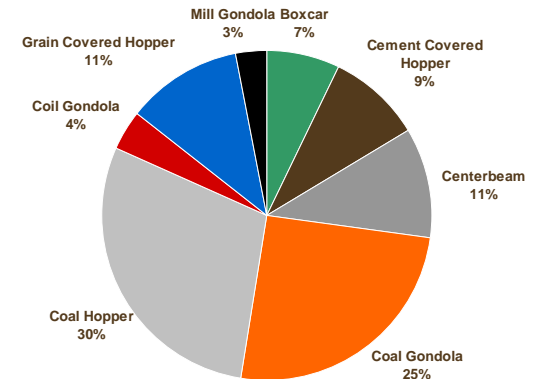
*Excluding acquisition costs



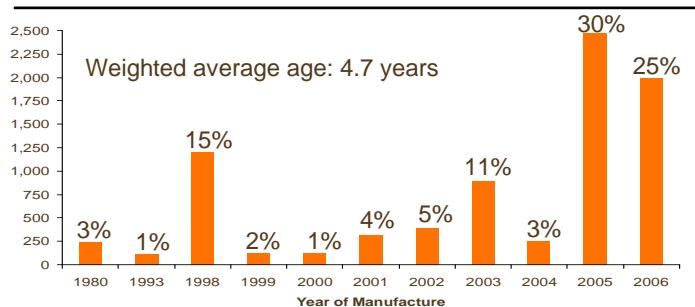
BABCOCK & BROWN RAIL NORTH AMERICA

- Investment balance as at 30 June 2007: US\$38.6 million
- BBRNA's portfolio as at 30 June 2007: 8,104 cars; 71 leases; 44 lessees
- Top ten lessees comprise 61.1% of portfolio rent exposure
- 82.8% of total fleet (by car count) is leased to investment grade lessees
- Investment has performed in line with expectations:
 - cash economic income in line with original expectations
 - lease utilisation rate of 98%
 - YTD 2007 lease rental income above forecast
 - contracted rent as % of forecast rent:
 - 2007 – 94%
 - 2008 – 81%
- Demand for modern railcars remains strong owing to industrial demand in US despite slow down in US housing.
- Underlying interest cost structured to match income profiles of underlying leases reducing any potential interest rate risk at the BBRNA level
- No indicators of impairment

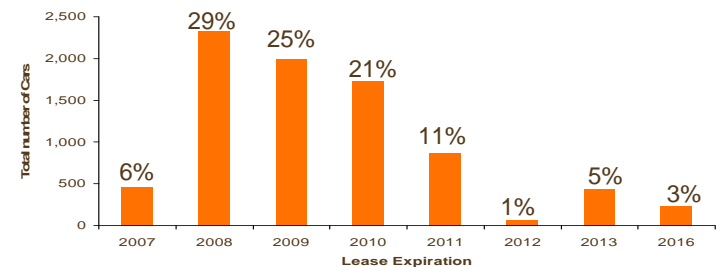
Car Type Breakdown



Fleet Age Profile



Lease Expiry by Year



Current Asset Review - Loan Portfolio & Securitisation Assets

US SUB-PRIME MORTGAGES COMPARED TO AUSTRALIAN AND UK NON-CONFORMING MORTGAGES

| | US Sub-prime Mortgages | UK Non-Conforming Mortgages | Australian Non-Conforming Mortgages |
|---|--|--|---|
| Average Combined LTV (2006) | 85% | 76% | 73.3% |
| Piggyback Loans (which take LTV close to 100%) i.e., part of risk layering | 29% | Almost None | Almost None |
| Credit Affected Borrowers (cf low doc etc) | FICO 500-640 | Not Available | ~30% in an average mortgage pool |
| Percentage of all RMBS issuance – Higher volume of Lenders (may lead to competition and weakening of underwriting practices) | 20% (ie many alternative lenders) | Not Available | 5% (ie limited alternative lenders) |
| Product Characteristics | <ul style="list-style-type: none"> • High LTV (29% at 100%) • ARMS: 2/28 and 3/27 • Risk layering prominent • Can be effectively limited recourse to home (ie a put/call on HPA) | <ul style="list-style-type: none"> • Consumer Credit Law governs lending practices • LTV Controls • Full recourse to Borrower | <ul style="list-style-type: none"> • Consumer Credit Law governs lending practices • LTV Controls • Full recourse to Borrower • Many low/no doc loans made to self-employed borrowers |
| House Price Appreciation (“HPA”) over last 12 months | <ul style="list-style-type: none"> • -2.8% | <ul style="list-style-type: none"> • 10%, but recent flat growth | <ul style="list-style-type: none"> • 9.2% |
| Average Cumulative Loss Rate | <ul style="list-style-type: none"> • Normally 3% to 6%, but projections that losses on 2006 vintage may exceed 10% | <ul style="list-style-type: none"> • Average around 0.4% since 2001 | <ul style="list-style-type: none"> • Average around 0.35% for vintages past 2000 |

US SUB-PRIME MORTGAGES COMPARED TO AUSTRALIAN AND UK NON-CONFORMING MORTGAGES

General commentary

- US sub-prime lending has been adversely affected by “risk-layering” i.e. where two or more of the following characteristics are featured in loans found in sub-prime pools, second lien piggyback mortgages to give high or 100% LTV, no-doc or low-doc loans, loans to first time home buyers, large step-ups in interest rates after a discount period. Layering of these features is significantly less prevalent in the UK or Australian non-conforming housing market.
- Competition in lending, and demand for product from Wall Street has partially driven the decline in credit underwriting criteria. No such unprecedented demand or growth in lenders is evident in the UK or Australian markets.
- BBSFF will closely monitor its Australian and UK non-conforming mortgage pool performance along with interest rate and HPA changes in each market.
- BBSFF believes it works with premier originators and servicing capability.

ANCORA – PEPPER SECURITISATION NO.2

- Investment balance as at 30 June 2007: A\$14.67 million
- 2 classes of notes in Pepper Residential Securities No.5 Securitisation issued on 30 May 2006
- Secured against first mortgages over owner occupied, Australian residential property
- Investment has performed in line with expectations:
 - cash economic income received in line with original expectations
 - losses within the mortgage pool moderately higher than anticipated but all absorbed by excess spread. Growth of the estimated capacity to absorb losses from the BBSFF Prospectus number outweighs growth in actual mortgage pool losses
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin
- No indicators of impairment

Capital structure as at 30 June 2007

| Note Rating | Outstanding Amount (A\$m) |
|------------------------|---------------------------|
| AAA (Snr) | 188.8 |
| AAA (Mezz) | 37.0 |
| AAA (Jnr) | 23.3 |
| A+ | 13.0 |
| BBB | 12.4 |
| Non rated note | 5.0 |
| Senior NIM note | 9.7 |
| Junior NIM note | Balance of excess spread |

Securitisation portfolio as at 30 June 2007

| | |
|----------------------|------------|
| No. of obligors | 1,178 |
| Average loan size | A\$238,725 |
| Weighted average LVR | 70.9% |

ANCORA – PEPPER SECURITISATION NO.3

- Investment balance as at 30 June 2007: A\$23.40 million
- 2 classes of notes in Pepper Residential Securities No.6 Securitisation issued on 27 March 2007
- Secured against first mortgages over owner occupied, Australian residential property
- Investment has performed in line with expectations:
 - cash economic income received in line with original expectations
 - losses within the mortgage pool in line with expectations and all absorbed by excess spread
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin
- No indicators of impairment

Capital structure as at 30 June 2007

| Note Rating | Outstanding Amount (A\$m) |
|------------------------|---------------------------|
| AAA (Snr) | 393.9 |
| AAA (Mezz) | 78.7 |
| AAA (Jnr) | 46.4 |
| A+ | 19.5 |
| BBB | 18.9 |
| Non rated note | 8.1 |
| Senior NIM note | 15.3 |
| Junior NIM note | Balance of excess spread |

Securitisation portfolio as at 30 June 2007

| | |
|----------------------|------------|
| No. of obligors | 2,137 |
| Average loan size | A\$265,548 |
| Weighted average LVR | 71.54% |

ANCORA – SEIZA WAREHOUSE NOTE INVESTMENT

- Investment balance as at 30 June 2007: A\$24.5 million
- 3 classes of notes issued by Seiza 2006–1 Trust
- Secured against first mortgages over Australian residential and commercial property
- Investment has performed above expectations:
 - cash economic income greater than forecast because of higher outstanding investment balance
 - cumulative losses lower than originally anticipated – expected to normalise
 - all losses to date absorbed by excess spread
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin
- No indicators of impairment

Capital structure as at 12 July 2007

| Note Rating | Outstanding Amount (A\$m) |
|----------------------------|---------------------------|
| AAA (Class A notes) | 329.6 |
| AA (Class B notes) | 25.0 |
| A (Class C notes) | 25.0 |
| BBB (Class D notes) | 21.2 |
| BB (Class E notes) | 9.9 |
| B (Class F notes) | 7.3 |
| N/R (Class G notes) | 14.2 |
| NIM notes | 7.3 |

Portfolio requirement

| | |
|-----------------|------|
| Commercial LVR | <75% |
| Residential LVR | <80% |

* The issue amounts of the underlying notes may vary given the nature of the facility.

ANCORA – SEIZA AUGUSTUS SERIES 2007-1 TRUST

- Investment balance as at 30 June 2007: A\$14.5 million
- 2 classes of notes issued by Seiza Augustus Series 2007-1 Trust
- Secured against first mortgages over Australian residential and commercial property with a weighted average loan to value ratio of 77%
- Investment has performed in line with expectations
 - Cash economic income in line with original expectations
 - No cumulative losses
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin
- No indicators of impairment

Capital structure as at 30 June 2007*

| Note Rating | Outstanding Amount (A\$m) |
|-----------------------------------|---------------------------|
| AAA (Class A notes) | 592.9 |
| AA (Class B notes) | 20.2 |
| A (Class C notes) | 21.8 |
| BBB (Class D notes) | 19.0 |
| N/R (Class G notes) | 10.3 |
| Junior NIM (Class N notes) | 4.1 |

MORTGAGES PLC SECURITISATION INVESTMENT

- Investment balance as at 30 June 2007: £10.1 million
- BBSFF owns two classes of notes issued by Newgate Funding 2006-3 plc, a securitisation entity of Mortgages plc
 - MERCS – all prepayment penalties (not in the waterfall)
 - Residual Notes – all excess spread after payment of all other expenses
- Secured against first mortgages over United Kingdom (“UK) residential property with a weighted average loan to value ratio of approximately 80.0% at inception.
- Investment is performing in line with expectations
 - cash economic income in line with original expectations
 - cash receipts greater than original expectations
 - cumulative losses lower than originally anticipated
 - cumulative losses absorbed by excess spread
- Underlying investment is largely insulated from movements in interest rates due to hedging entered into at the Newgate Funding 2006-3 plc level
- No indicators of impairment



ANCORA – PROVIDENT INVENTORY FINANCE (PIF)

- Investment balance as at 30 June 2007: A\$9.6 million
- Revolving purchase facility to PIF – 3 years with annual review periods at discretion of Ancora, secured against inventory
- Specific triggers in the event of deterioration in underlying loan credit performance
- Potential increase in default / loss rates mitigated by three levels of credit enhancement
 - A\$5.0 million first loss insurance wrap provided by AA rated insurer (20% of facility limit)
 - cash deposit for 10% of drawdown
 - personal guarantee from PIF directors
- Investment has performed in line with expectations
 - Cash economic income in line with expectations
 - No losses in the underlying portfolio
- No interest rate sensitivity because of natural hedging between funding and receipts, thus preserving margin
- No indicators of impairment



EUROPEAN CLO MARKET AND AVOCA PORTFOLIO'S

- The European CLO market can be broken down into two distinct periods:
 - Pre mid-June 2007: The leverage loan market was characterised by record high issuance, increasing deal leverage, decreases in spreads and introduction of “covenant lite” deals
 - Post mid-June 2007: There has been a dramatic slow down in the market amid fears of contagion from the US sub-prime market, a decrease in hedge fund exposure to the sector and large inventories sitting on the balance sheets of investment and commercial banks. As a result, there has been an increase in new loan spreads from around 2.25% to 2.50% in mid-June to 2.75% to 3.00% in July while secondary market prices of loans have fallen by 1.0% to 2.0% over the same period. “Covenant lite” deals are not expected to play a significant role in the market going forward

- The underlying loans in BBSFF’s CLO portfolios are performing well:
 - A key benchmark employed by Avoca Capital Holdings (“Avoca”) in monitoring underlying performance of loans is the percentage of companies trading within 15% of management budget. Avoca reported in the case of Avoca VI 100% of portfolio companies met this benchmark and 97% for Avoca VII. Avoca noted this was the highest level in 10 years and reflects benign economic conditions in Europe
 - The increase in new issuance spreads provides Avoca with the opportunity to move the average spreads on the Avoca VI and VII portfolio towards its targeted level over coming periods

AVOCA VI CLO INVESTMENT

- Investment balance as at 30 June 2007: €4.0 million
- BBSFF owns subordinated 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
- Investment is performing in line with expectations:
 - cash economic income in line with original expectations
 - no losses incurred, which is better than anticipated
 - transaction has successfully ramped significantly quicker than BBSFF expected
 - average investment spread was lower than the target assumed by Avoca but Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in interest margins
- As at 4 July 2007, 90% of the portfolio by value was invested in senior secured loans and 10% in second lien loans; no mezzanine loans in the portfolio
- No indicators of impairment
- Underlying investment is largely insulated from movements in interest rates, but the return is affected by credit spreads

Capital structure as at 4 July 2007

| Note rating | Outstanding amt (€m) | Margin (bps) |
|-------------|-------------------------|--------------|
| AAA (Snr) | 301.5 | 21 |
| AAA (Sub) | 64.0 | 28 |
| AA | 19.4 | 35 |
| A | 31.5 | 55 |
| BBB | 20.0 | 135 |
| BB | 23.9 | 335 |
| B | 10.0 | 495 |
| N/R | 37.7 | n/a |

Loan criteria (applicable for reinvestment period)

- Max of 5.0% for loans rated less than B-/B3
- Max of 15.0% for loans other than snr secured loans
- Max asset size of 2.5% for indiv snr notes
- Max asset size of 1.5% for indiv 2nd lien
- Max asset size of 1.0% for mezz loans

AVOCA VII CLO INVESTMENT

- Investment balance as at 30 June 2007: €15.2 million
- BBSFF owns subordinated notes secured against European senior secured, second lien and mezzanine loans and Class F notes (rated “B” by Standard & Poor’s) which were issued by Avoca VII CLO plc and managed by Avoca
- Investment is performing in line with expectations
 - no cash economic income expected in 1H 2007
 - no losses incurred
 - transaction has successfully ramped significantly quicker than BBSFF expected
 - average investment spread was lower than the target assumed by Avoca but within BBSFF’s expectations. Avoca anticipates an increase in investment spreads during the reinvestment period given the increase in interest margins
- As at 29 June 2007 88% of the portfolio by value was invested in senior secured loans, 10% in second lien loans and 2% in mezzanine loans
- Underlying investment is largely insulated from movements in interest rates, but the return on the subordinated note is affected by credit spreads
- No indicators of impairment

Capital structure at 29 June 2007

| Note rating | Outstanding amt (€m) | Margin (bps) |
|-------------|-------------------------|--------------|
| AAA (Snr) | 284 | 21 |
| AAA (Sub) | 62.5 | 28 |
| AAA (Sub) | 144 | 22 |
| AA | 48.5 | 37 |
| A | 42 | 58 |
| BBB | 23 | 125 |
| BB | 28.2 | 340 |
| B | 14 | 495 |
| N/R | 48.0 | n/a |

Loan criteria (applicable for reinvestment period)

- Max of 5.0% for loans rated less than B-/B3
- Max of 15.0% for loans other than snr secured loans
- Max asset size of 2.5% for indiv snr notes
- Max asset size of 1.5% for indiv 2nd lien
- Max asset size of 1.0% for mezz loans

PARADOX CAPITAL LLC – SUBORDINATED LOAN

- Investment balance as at 30 June 2007. US\$15.0 million, plus an additional US\$5.0 million facility
- Substantively, this is the subordinate debt in a long term warehouse of IP loans
- Investment is performing in line with expectations
 - cash economic income in line with original expectations
 - no losses have been incurred on the underlying loan portfolio and there have been no defaults however IP loans have been written at slower rate than anticipated
- Total return varies based on movements in USD Libor
- No indicators of impairment

Capital structure of Paradox transaction*

| | |
|-------------------------|----------|
| Senior debt | US\$250m |
| BBSFF subordinated debt | US\$20m |
| Babcock & Brown equity | US\$10m |

* When fully drawn

Current Asset Review - Alternative Assets

NORTH AMERICAN BIOFUELS LOAN FACILITY

- Investment balance as at 30 June 2007: US\$20.0 million
- Used to acquire equity in two ethanol facilities under construction in the US. Both plants are ahead of construction targets. The average cost to build is US\$1.85 per gallon for operating capacity which compares favourably with a recent sale of a comparable facility in the US at US\$2.38 for operating capacity (see ACE sale to All Fuels and Energy Company)
- Investment is performing in line with expectations
 - cash economic income due to be received on 30 August 2007
 - ethanol facilities on track to be completed ahead of schedule
 - inputs and ethanol and distillers grain sales prices have returned to more historical averages, underpinning operating profits and facility values
- Interest reserve to cover interest expense beyond anticipated completion
- Fixed rate loan from BBSFF, therefore no interest rate sensitivity
- No indicators of impairment

Terms of loan

| | |
|---------------------------------|--|
| Term | 7 years |
| Current pay interest: | 10.5% p.a. |
| Capitalised interest | 2.0% p.a. |
| Interest on new drawdowns | 12.5% p.a. |
| Commitment fee | 0.4% p.a. |
| Frequency (from 31/12/07) | Quarterly |
| Maximum total debt | 85% |
| Cash sweeps/additional security | <ul style="list-style-type: none"> • Repeal of Blenders Credit • DSCR < 8x /3x • Equity IRR > 30% |
| Security | <ul style="list-style-type: none"> • Borrower/Project Co. • Cross collateralised |



AGSO LOAN GUARANTEE

- Investment balance as at 30 June 2007: 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
- Likely to enter into first priority position as Babcock & Brown Group splits prime broking facilities to introduce new lenders but rate remains the same
- Can be used for shorter term cash flow management of up to S\$40m to allow BBSFF to manage cash in a high yield and secured investment
- Investment is performing in line with expectations
 - cash economic income higher than expected owing to higher investment balance
 - LVR has been in the order of <70.0%
- No indicators of impairment
- Interest rate risk reduced through return on cash which supports the guarantee being correlated with the Deutsche Bank cost of funds

Terms of Guarantee

| | |
|------------|--|
| Fee | 12.5% less Deutsche Bank cost of funds |
| Security | Second ranking to DB over shares, but expected to step up into first priority position |
| Max LVR | 80% |
| Role of DB | - Monitor LVR - Enforce Security |
| Term | 3 years |



PARAMOUNT MEZZANINE LOAN

- Investment balance as at 30 June 2007: US\$15.0 million
- Total cost of Paramount Bay project expected to be US\$277.0 million; construction costs are on budget and >90% of raw materials have been purchased
- Pre-sales (for which deposits have been received) as at 31 July 2007 of US\$230.8 million
- Loan (principal & interest) will be fully repaid once consummated presales reach US\$302.1 million
- BBSFF will be fully repaid if project is sold at 25% discount to expectations
- Construction of development preceding according to expectations and it is expected to be ready in mid-2009
- 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

This is consistent with selling patterns for comparable developments

- No indicators of impairment
- Fixed rate loan from BBSFF, therefore no interest rate sensitivity

Sources of project funding

| | |
|-------------|----------|
| Senior debt | US\$216m |
| Loan | US\$30m |
| Equity | US\$31m |



Artist's impression

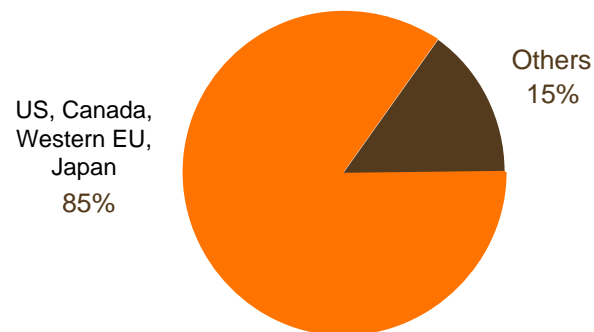
MUSIC COPYRIGHT ASSETS

- Investment balance as at 30 June 2007. US\$28.1 million (excluding acquisition costs)
- BBSFF owns the copyright in over 1,000 musical compositions, which entitles it to revenue from the use of the song whenever and however it is used

Sources of music publishing revenue

| | |
|---------------------------------------|---|
| Mechanical (35% – 40%) | <ul style="list-style-type: none"> • A mechanical right entitles the copyright owner to royalties each time a copy of any song covered by the copyright is produced, whether physical (CDs) or non-physical (digital downloads, mobile phone ring tones) |
| Performance (40% - 50%) | <ul style="list-style-type: none"> • The owner of the copyright is entitled to royalties by granting a performance licence allowing public performance or communication of any music covered under the copyright |
| Synchronisation (10% - 15%) | <ul style="list-style-type: none"> • A synchronisation licence is issued by the copyright owner each time a song covered under the copyright accompanies a visual image, such as in advertisements and movie soundtracks |
| Others (5%) | <ul style="list-style-type: none"> • Other sources of publishing revenue include granting print licences when a song covered under the copyright is written down and published |

Music copyright royalties by region



Source: Enders Analysis

- Investment is performing in line with expectations
- The current decline in mechanical sales affecting the music industry is hardest felt in new releases and current songs – a class of song which BBSFF does not target
- Interest rate risk reduced through fixed debt funding cost on the limited recourse debt
- No indicators of impairment