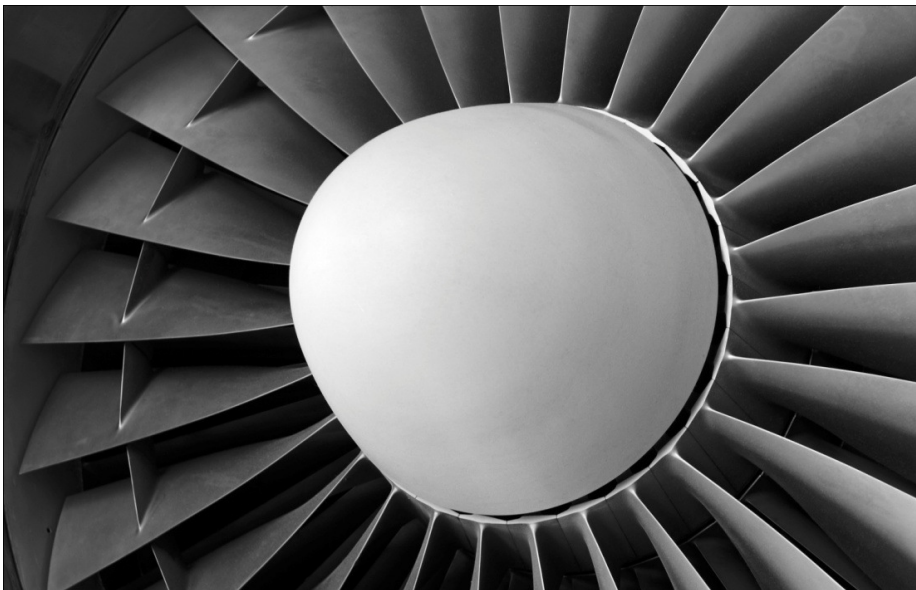




Current Asset Review

Period ended 30 September 2010

OPERATING LEASE ASSETS



FLY LEASING LIMITED

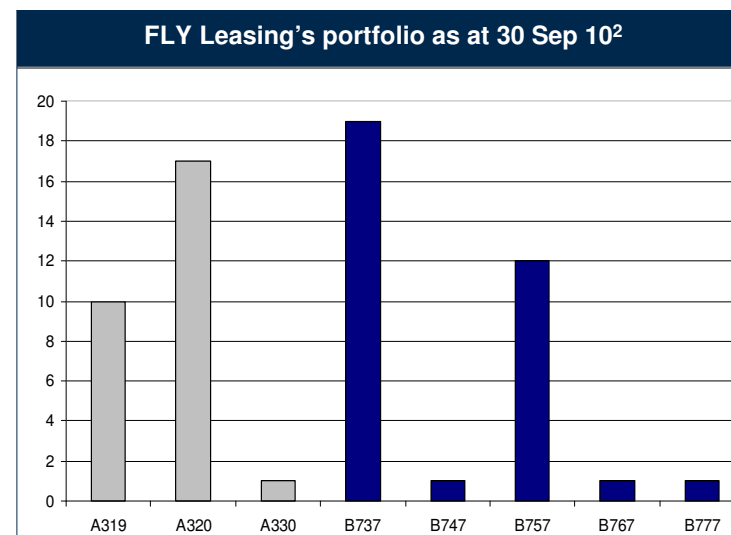
- GIL owns 1,051,010 shares (or 3.7%) in FLY Leasing Limited (“FLY Leasing”) which is listed on the New York Stock Exchange.
- FLY Leasing has a fleet of 62 modern, fuel-efficient commercial aircraft with average age of fleet approximately 7.8 years.
- The aircraft are on lease globally with approximately 4.6 years weighted average lease term and 35 lessees worldwide.
- Q310 dividend of US\$0.16 per share (net of withholding tax) to be received in November 2010.
- The outlook for the industry is gradually improving amidst an overall weak operating environment for aircraft lessors.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	US\$13.80m
Quarter ended 30 Sep 10	
Reversal of Impairment to Equity:	US\$2.97m
Cumulative Impairment (less reversals):	US\$10.37m

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:

Analyst	Rating	Target Price	As Of
JPMorgan	Neutral	US\$15.50	7 May 2010
Jefferies & Co	Buy	US\$13.00	12 October 2010
Citigroup	Buy	US\$17.30	19 July 2010
Merrill Lynch	Buy	US\$11.00	5 Mar 2010



² The portfolio does not reflect the sales and leaseback transactions announced on 30 Sep 10.

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 value of 757-200 aircraft remains soft but the fall in aircraft values is starting to show signs of moderation.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	US\$25.83m ²
Quarter ended 30 Sep 10	
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\$14.90m

³ Excludes acquisition costs

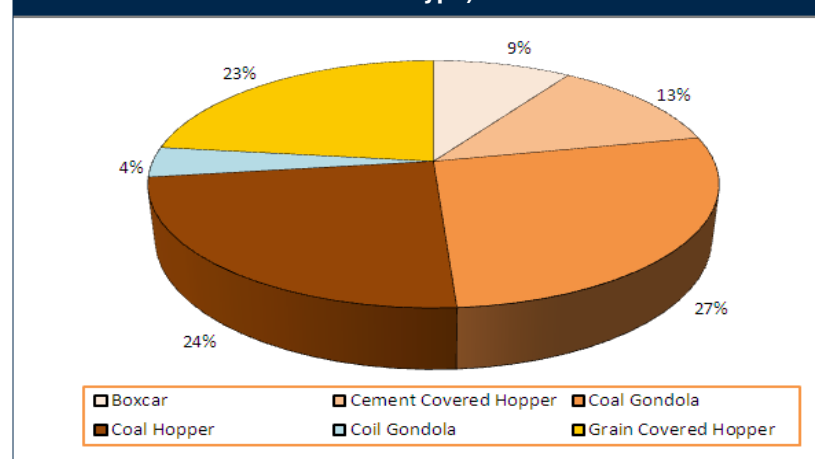
BABCOCK & BROWN RAIL NORTH AMERICA

- 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.
- BBRX5 was unable to meet swap collateralization payment of USD 17.6 million in September 2009. Forbearance agreement provided by the senior lenders ended in November 2009 and BBRX5 was served with a notice of default and acceleration. In April 2010, two of the three senior lenders representing 70% of the BBRX5 loan effected a private foreclosure sale of approximately 70% of the rail cars and related leases.
- BBRX2 was unable to meet its debt obligations in Q3 2009. Forbearance agreement provided by the lender to BBRX2 ended and in December 2009 BBRX2 was served with a notice of default and acceleration.
- BBRX1 was unable to meet its debt obligation since Q4 2009. The lender of BBRX1 had accelerated its loan in May 2010. A public foreclosure sale process was effected with respect to the rail cars securing the loan and these rail cars were subsequently sold in a public auction.
- BBRX3 and BBRX4 were unable to meet their debt obligations in Q3 2010 and were issued notices of default by lender.

KEY INFORMATION	
As at 30 September 2010	
Carrying Value ¹	0
Quarter ended 30 September 2010	
Impairment for the quarter:	Nil
Cumulative Impairment (less reversals) :	US\$54.6 m

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.

BBRNA (comprising BBRX3 & BBRX4) Portfolio Composition (by car type)

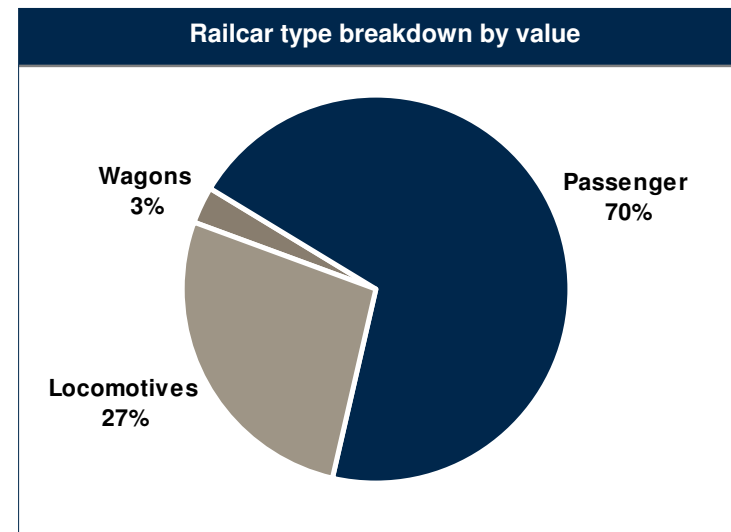


ASCENDOS INVESTMENTS LIMITED

- GIL had increased its equity interest in Ascendos Investments Limited (“Ascendos”) from 35% to 40.56% following a restructuring at Ascendos, which included the transfer of 10% shareholding of Babcock & Brown Investment Holdings Pty Limited in Ascendos to the 3 remaining shareholders at a nominal payment of €1 by each shareholder.
- STAM, as Manager of GIL, was actively involved in the restructuring since its appointment on 25 November 2009. According to the pro-rata basis, GIL would be allocated 3.89% but STAM negotiated successfully and managed to increase GIL’s allocation from 3.89% to 5.56% without assuming any additional liabilities.
- 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.
- The portfolio was 98% leased with an expected 10% of the portfolio’s leases ending in the next six months as at 31 July 2010. No significant arrears as at 31 July 2010.
- The European rail equipment leasing market is recovering as lease rates are increasing. Demand for both diesel and electric locomotives is improving as transport volume increases. Freight wagons, however, remains a laggard as there is a large quantity that is out-of-operation. There are selected leasing opportunities in Germany for passenger trains.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	0
Quarter ended 30 Sep 10	
Impairment for the Quarter:	Nil
Cumulative Impairment (less reversals):	€ 5.8 m

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 improved over the quarter as there were no losses.
- The average prepayment rate decreased over the quarter while the 30+ day arrears decreased to 9.48%.
- The Excess Reserve Account, which provides additional support to the capital structure, increased but remained below expectations.
- The Class E Notes have been receiving full interest payments.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	A\$8.17m
Quarter ended 30 Sep 10	
Impairment for the quarter :	Nil
Cumulative Impairment (less reversals) :	Nil
Portfolio as at 30 Sep 10	
No. of Loans	712
Average Loan Size	A\$240,210
Weighted Average LVR	68.53%
Weighted Average Seasoning	48.06 months

Capital Structure as at 15 Oct 10			
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	103.1
Class A2 Notes (Mezz)	AAA/Aaa	AAA/Aaa	20.6
Class A3 Notes (Jnr)	AAA/Aa1	AAA/Aa1	12.1
Class B Notes	A+/A2	AA/A2	12.5
Class C Notes	BBB/Baa2	BBB+/Baa2	12.1
Class E Notes ²	Not Rated	Not Rated	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 improved slightly over the quarter as losses decreased. Losses of approximately A\$2.47 million were fully absorbed by excess spread, with residual excess spread reducing the carried forward charge offs.
- The average prepayment rate increased over the quarter while the 30+ day arrears increased to 18.91%.
- The Class F and Class G Notes have been receiving full interest payments.
- The Senior NIM Notes depend on available excess spread. 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.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	A\$29.04m
Quarter ended 30 Sep 10	
Impairment for the quarter :	0
Cumulative Impairment (less reversals) :	A\$11.09m
Portfolio as at 30 Sep 10	
No. of Loans	729
Average Loan Size	A\$454,900
Weighted Average LVR	81.94%
Weighted Average Seasoning	38.44 months

Capital Structure as at 7 Oct 10			
Notes	Initial Rating (S&P)	Current Rating (S&P)	Outstanding Amount (A\$m)
Class A Notes	AAA	NA ²	144.6
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	NA ²	15.8
Class F Notes ³	B	NA ²	10.8
Class G Notes ³	Not Rated	Not Rated	26.0
Senior NIM Notes ³	Not Rated	Not Rated	8.9
Junior NIM Notes	Not Rated	Not Rated	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 As this is a private transaction, subsequent changes in ratings are not disclosed.

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. Final Maturity Date of the notes is 12 July 2041.

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 improved slightly over the quarter as loans charged off in arrears greater than 300 days decreased from approximately A\$6.80 million to A\$6.33 million, and realized losses have decreased from approximately A\$2.61 million to A\$0.11 million.
- The average prepayment rate decreased over the quarter. The 30+ day arrears increased to 16.14% while the 90+ day arrears decreased to 10.56%.
- The Class G Notes received full interest during the quarter. Total carried forward charge offs have decreased to below the stated balance of the Class G Notes and interest will be paid in October, subject to availability of cash in the Trust.
- The Class N Notes have not received cash flow since August 2007.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	0
Quarter ended 30 Sep 10	
Impairment for the quarter :	0
Cumulative Impairment (less reversals) :	A\$15.08m
Portfolio as at 20 Sep 10	
No. of Loans	170
Average Loan Size	A\$506,159
Weighted Average LVR	76.40%
Weighted Average Seasoning	48.51 months

Capital Structure as at 28 Sep 10			
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	AAA/Aaa/AAA	4.5
Class B Notes	AA/Aa2/AA	AA/Aa2/AA	20.2
Class C Notes	A/Not Rated/A	BBB+/Not Rated/A	21.9
Class D Notes	BBB/Not Rated/BBB	B-/Not Rated/B	19.0
Class E Notes	BB/Not Rated/Not Rated	CCC-/Not Rated/Not Rated	8.1
Class F Notes	B/Not Rated/Not Rated	D/Not Rated/Not Rated	4.1
Class G Notes ²	Not Rated	Not Rated	10.3
Class M Notes	A/Not Rated/Not Rated	BBB+/Not Rated/Not Rated	1.2
Class N Notes ²	Not Rated	Not Rated	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 € 231,601.07 on 19 July 2010 and the next coupon payment is scheduled in January 2011.
- For the quarter ended September 2010, there was one default in the portfolio and more 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 Overcollateralization test headroom is currently 0.4% and a breach of the test would shut off cash flows to the subordinated note until the breach is remedied.

KEY INFORMATION		Capital Structure as at 30 Sep 10			
As at 30 Sep 10		Note	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 10		Class A2	AAA/ AAA	A+/ AAA	64.0
Reversal of Impairment to Equity:	€ 0.04 m	Class B	AA/ AA	BBB+/ AA	19.4
Cumulative Impairment (less reversals):	€ 2.2 m	Class C	A/ A	BB+/ A	31.5
Portfolio as at 30 Sep 10		Class D	BBB/ BBB	BB-/ BBB	20.0
Portfolio Par Value	€ 493.4 m	Class E	BB/ BB	CCC+/ B+	23.9
No. of Obligors	73	Class F	B/ B	CCC-/ B-	10.0
Weighted Average Spread	2.79	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 subordinated 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 has received interest of € 210,245.39 and € 252,488.50 on 24th May 2010 and the next coupon payment is scheduled in November 2010.
- For the quarter ended September 2010, there were two defaults and more defaults should not be ruled out over the next 12 months.
- There is a high risk that coupons to the Class F and G subordinated notes may be suspended in the short to mid term due to ratings downgrades in the underlying portfolio.
- The Overcollateralization test headroom is currently only 0.04%. If further downgrades result in test failure, then interest cash flows would be diverted to pay down Class A notes and interest payments to GIL's investments would be shut off until the breach has been remedied.

KEY INFORMATION	
As at 30 Sep 10	
Carrying Value ¹	€ 6.01 m
Quarter ended 30 Sep 10	
Reversal of Impairment to Equity:	€ 0.48 m
Cumulative Impairment (less reversals):	€ 8.1 m
Portfolio as at 30 Sep 10	
Portfolio Par Value	€ 681.6 m
No. of Obligors	70
Weighted Average Spread	2.74

Capital Structure as at 30 Sep 10			
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%.

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) and Residual Certificates 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.
- Cumulative loss is higher than expected due to the difficult UK market conditions. Although arrears rate has decreased, it is expected to remain at an elevated level over the medium term.
- The last cash flow received for MERC was in February 2010 and no further cash flows are expected.
- To-date, no cash flow was received for the Residual Certificates.
- On 11 October 2010, Fitch Rating Agency upgraded Class Q from C to CC and Class T from CC to CCC.

KEY INFORMATION		Capital Structure as at 30 Sep 10			
As at 30 Sep 10		Note/ Certificate	Initial Rating (S&P/Fitch)	Current Rating (S&P/Fitch)	Outstanding Amount (£m)
Carrying Value	0	Class A & M	AAA/ AAA	AAA/ AAA	281.6
Quarter ended 30 Sep 10		Class B	AA/ AA	AA-/ A	39.5
Impairment for the quarter:	Nil	Class C	A/ A	BBB/ BB	24.7
Cumulative Impairment:	£ 9.3m	Class D	BBB/ BBB	BB-/ B	15.6
Portfolio as at 3 Aug 10		Class E	BB/ BB	B/ CCC	5.9
No. of Loans	3,437	Class T	BBB/ BBB	B/ CC	4.1
Average Loan Size	£ 106,877	Class Q	BBB/ BBB	CCC/ C	6.5
Weighted Average LVR	77.89%	MERC ¹	N/R	N/R	All prepayment penalties
Seasoning	48.13 months	Residual ²	N/R	N/R	All excess spread after repayment to T & Q notes

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

² Payment to the Residual certificates depends on excess cashflow available after paying interest on all notes in the capital structure and after paying down principal of certain class of notes.

US RESIDENTIAL MORTGAGE-BACKED SECURITIES

- GIL purchased an additional US\$4.55 million of senior notes of US Residential Mortgage-Backed Securities (“RMBS”) during this quarter, bringing total RMBS investment to US\$11.97 million with total current face amount of US\$27.16 million. Such notes were purchased at a discount to par in the secondary market.
- Senior notes of US RMBS offer better structural protection and faster amortization compared to junior notes and are receiving principal payments currently.
- GIL has received aggregate cash flows of US\$758,385 during this quarter, consisting principal of US\$717,227 and interest of US\$41,158.

Portfolio Details

Security	Current Rating (Moody's/S&P)	Current Face @ Acquisition	Current Face @ 27 Sep 2010	Coupon	Credit Support	Cumulative Principal Received Since Acquisition
SAMI 2006-AR7 A1A ¹	Caa1*/-/CCC	4,929,264	4,752,672	1mL + 21bp	46.80%	176,592
BSMF 2006-AR5 1A1 ²	B3*/-/B-	5,208,097	5,085,753	1mL + 16bp	38.50%	122,344
AHM 2005-4 1A3 ³	Ca*/-/CCC	10,996,833	10,570,907	1mL + 44bp	7.93%	425,926
BSMF 2007-AR4 1A1 ⁴	Baa3*/-/CCC	4,642,119	4,558,554	1mL + 20bp	44.78%	83,565
CARR 2006-NC3 A2 ⁵	Caa1/AA	2,231,186	2,187,992	1mL + 10bp	39.93%	43,194

*- refers to negative watch

1. Structured Asset Mortgage Investments II Trust 2006-AR7 A1A
2. Bear Stearns Mortgage Funding Trust 2006-AR5 1A1
3. American Home Mortgage Investment Trust 2005-4 1A3
4. Bear Stearn Mortgage Funding Trust 2007-AR4 1A1
5. Carrington Mortgage Loan Trust, Series 2006-NC3 A2

KEY INFORMATION

As at 30 Sep 10

Carrying Value US\$11.27m

Quarter ended 30 Sep 10

Impairment for the quarter : Nil

Cumulative Impairment (less reversals) : Nil

ASSETS REDEEMED DURING THE QUARTER

PEPPER RESIDENTIAL SECURITIES TRUST NO.5

- GIL was invested in the Class E Notes of Pepper Residential Securities Trust No.5, which holds Australian non-conforming residential mortgage loans originated by Pepper Homeloans Pty Limited.
- The Class E Notes have been receiving full interest payments.
- As at 30 Jun 2010, the carrying value of this investment was A\$5.03m.
- The Trust was called on 16 August 2010 at the direction of the Trust Manager. The Trustee has redeemed the Notes. Gil received the full investment amount of A\$5,000,000 and accrued interest for the Class E Notes.

CASHFLOW FINANCE SOLUTIONS LIMITED

- GIL has a revolving purchase facility to Cashflow Finance Solution (“CFS”), where GIL purchases loan receivables originated by CFS.
- All the outstanding loans are in arrears as of June 2010.
- CFS has failed to make certain payments under the facility agreement.
- In September 2010, GIL has settled its claims against CFS and the guarantors by accepting payment of A\$775,000 in full and final settlement of the claims. In exchange, GIL agreed to transfer all its interest in the receivables. Carrying value of this investment as at 30 June 2010 was A\$ 700,000.
- GIL has no more investment in CFS.