KEYBRIDGE®
CAPITAL LIMITED

2010 Full Year Results

Welcome.

My name is Mark Phillips. I am the Managing Director of Keybridge Capital.

In this presentation, we will look at Keybridge's 2010 financial results, the status of the Company's balance sheet and the outlook for the business.

Summary

- Overall loss $49.9m, with operating profit offset by unrealised writedowns
- NTA 46 cents per share
- Conditions remain challenging, although bank debt repayments ahead of schedule
- Full repayment of outstanding borrowings likely to take further 2 to 3 years

The Company incurred an after tax loss for the 2010 financial year of $49.9m. An operating profit for the year was offset by unrealised writedowns.

Shareholders' funds as at year-end represented net tangible assets of 46 cents per share.

Conditions in Keybridge's markets have remained challenging for maintaining values and realising investments. Despite this, we have achieved bank repayments so far that are ahead of schedule.

We anticipate that full repayment of our outstanding borrowings will take a further 2 to 3 years to achieve.

Profitability

	2010 $m	2009 $m
Income	27.5	59.8
Borrowing Costs	(15.6)	(18.4)
Operating Costs	(4.7)	(5.4)
Pre Tax Operating Profit	7.2	36.0
Foreign Exchange	(11.6)	(14.3)
Net Impairments	(33.2)	(152.4)
Income Tax	(12.3)	1.6
NPAT	(49.9)	(129.1)

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We will now look in more detail at the results for the last financial year. An operating profit of $7m was offset by three largely unrealised items: Foreign exchange losses of $12m, asset writedowns of $33m and an income tax loss of $12m.

In terms of foreign exchange, Keybridge has a surplus of foreign currency assets over foreign currency liabilities. The majority of its investments are denominated in US Dollars. The Company has borrowings in US Dollars that currently hedge approximately two-thirds of its US Dollar assets. The Company also has Euro-denominated assets which are unhedged. Through the course of the 2010 financial year, the Australian Dollar rose in value against both the US Dollar and the Euro. This resulted in a foreign exchange loss.

Net new asset impairments in the second half of the year were lower than in the first half. The majority of the additional writedowns were required in our shipping investments due to continuing softness in those markets.

The negative income tax outcome arose because the Company decided in the first half of the year to write-down the value of its deferred tax assets to zero. It did so because of the uncertainty associated with the use of accumulated tax losses. For this same reason, Keybridge has not recognised in its accounts any new tax credits despite the accounting loss incurred in the 2010 financial year.

Income levels fell materially in 2010 compared with 2009. This was the result of Keybridge's cash income from investments being reduced, with available cashflow in many transactions being used to accelerate repayment of deal-specific senior debt or to meet other obligations.

Borrowing costs in 2010 were lower than in 2009 due to a lower level of average borrowings as a result of repayments. The average cost of the Company's debt was relatively constant between the two years at just under 9% per annum.

Operating costs fell in 2010. Employee numbers have been reduced from ten to six. Offsetting this have been higher legal costs involved in managing the recovery and protection of our investments portfolio.

Profitability

	2010		
	1H	2H	Total
Income	14.5	13.0	27.5
Borrowing Costs	(8.0)	(7.6)	(15.6)
Operating Costs	(2.7)	(2.0)	(4.7)
Pre Tax Operating Profit	3.8	3.4	7.2
Foreign Exchange	(11.5)	(0.1)	(11.6)
Net Impairments	(17.9)	(15.3)	(33.2)
Income Tax	(13.6)	1.3	(12.3)
NPAT	(39.2)	(10.7)	(49.9)

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If we look at the trend of profitability through the year, we can see that the loss was materially lower in the second half than in the first half.

Operating profit was slightly lower in the second half as a result of income levels continuing to be under downward pressure. This was offset, however, by lower impairments, a reduced foreign exchange loss, due to the relative stability of the Australian Dollar, and a positive contribution from income tax.

Operating Cashflow

2010 Financial Year	$m
Operating Costs	4
Interest Payments	14
Total Cashflow Commitments	18
Interest Income	9
Income Component of Realisations	10
Total Cash Income	19

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Liquidity management is a high priority for Keybridge. As we have mentioned, many of the Company's investments are not currently paying cash income to the Company. In most cases, the underlying cashflow is continuing but cash is being used within transactions to accelerate senior debt reduction or to meet other commitments, rather than to make distributions to equity or mezzanine lenders.

As a result of this reduction in cash income, Keybridge is reliant on investment realisations to meet its fixed commitments.

Following the restructure of our corporate debt facility in 2009, we are required to operate under a cash sweep, whereby all spare cashflow is applied to debt reduction. With this mechanism in place, the Company is unable to make new investments or pay dividends to shareholders.

In the past year, the Company's fixed cashflow commitments totalled $18m, being $4m of operating costs and $14m of interest payments to Keybridge's banks. To finance these commitments, Keybridge received $9m of interest-style income from its investments and a further $10m of income from investment realisations.

Thus, cash income exceeded cash commitments by $1m during the year.

Total investment realisations in 2010 were $67m. Of this, $10m was income and $57m a return of book value. This return of book value was used to make loan repayments to our banks.

Balance Sheet

	June '10 $m	Dec '09 $m	June '09 $m
Investments	226	268	324
Cash & Other Assets	7	7	10
Deferred Tax Asset	-	-	15
Liabilities	(154)	(189)	(227)
SHF	79	86	122

June 2010 NTA : $0.46 per share

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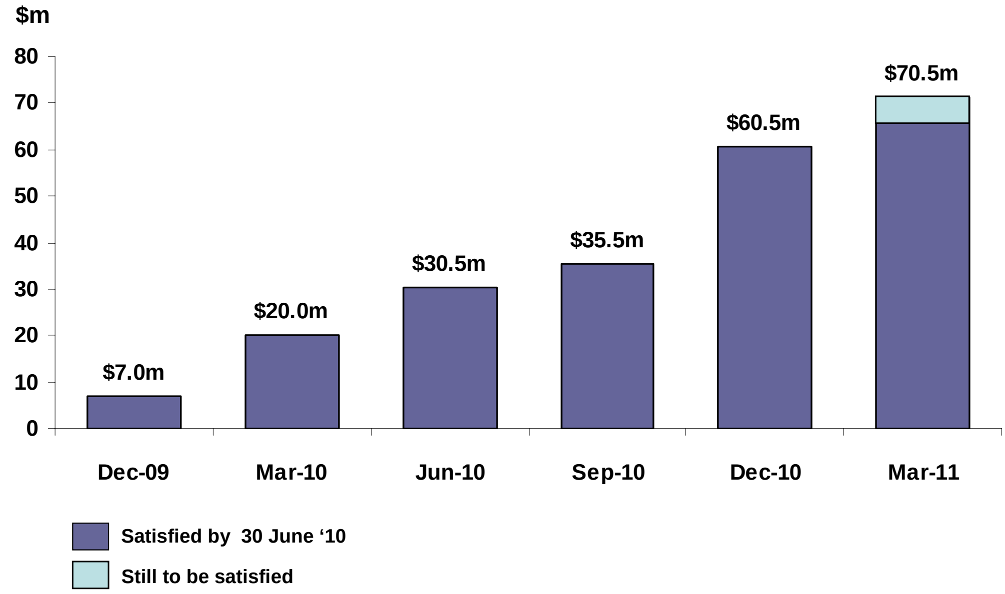
The Company's shareholders' funds fell to $79m as at 30 June 2010. This represented net tangible assets of 46 cents per share.

Total liabilities as at June 2010 were $154m. This includes a mark-to-market loss of $5m on US Dollar and Australian Dollar interest rate swaps undertaken in prior years to hedge the LIBOR and bank bill costs of the Company's borrowings. These swaps mature during the first half of the 2011 calendar year.

Corporate Debt

Required Repayments (cumulative)



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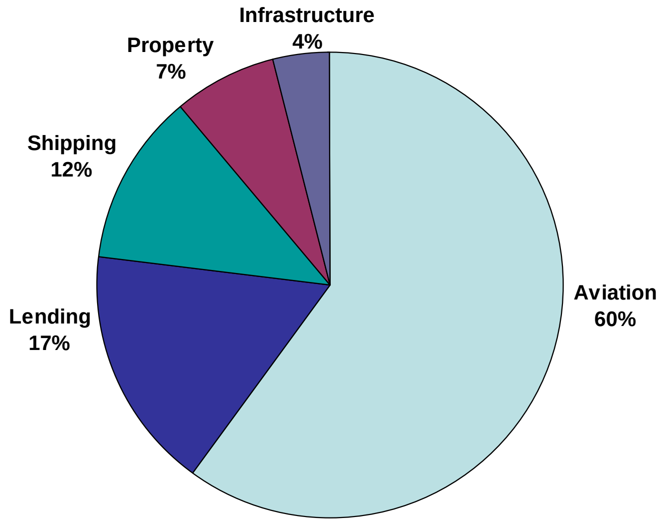
Our corporate debt facility matures in June 2011. Ahead of that, the Company is obliged to make interim repayments totalling $70.5m.

By 30 June 2010, we had met $64m of these requirements, leaving $6.5m of further repayments to be made by 31 March 2011. The Company is confident that this level of additional repayments will be satisfied.

Outstanding borrowings as at 30 June 2010 were $154m, including the $5m of mark-to-market swap losses.

Investments

30 June 2010
$226m



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At 30 June 2010, the total book value of our investments was $226m. The largest asset class was aviation, representing 60% of investments.

Lending transactions represent 17% of investments, shipping 12%, property 7% and infrastructure, with only one remaining investment, 4%.

Investments

Aviation

- Total book value $136m
- Preferred equity & mezzanine loans secured by passenger jet aircraft
- 4 remaining investments
- Affected by falls in secondary market prices, reduced airline profitability & constrained bank lending
- $10m of repayments in 2010

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Our dominant asset class is aviation, with a total book value of $136m. Our investments in this sector are preferred equity and mezzanine loans invested in passenger jet aircraft. There are four remaining investments. There are 54 aircraft underlying these investments, leased to 26 different airlines for an average remaining period of 3 to 4 years.

This sector has been affected by falls in secondary market prices, reduced airline profitability and constrained bank lending. Despite this, all the airlines now underlying our investments are performing and meeting their lease obligations. Also, the equity buffers sitting below Keybridge’s investment position have, to date, substantially mitigated the falls in aircraft values.

Within the portfolio, there are some lease and senior debt maturities occurring over the next 12 months, and these will need to be managed carefully. The outlook for the aircraft market is stabilising and shows signs that improvement may occur over the next couple of years. This notwithstanding, realising our remaining investments in this sector at fair values is unrealistic in the shorter term. We will need to be vigilant to ensure our carrying values are maintained and that realisations occur as soon as practicable after the markets recover.

In 2010, we did achieve $10m of realisations in this asset class, being the repayment of a corporate loan to an aviation business.

Investments

Lending

- Total book value $38m
- Senior & subordinated loans across variety of industries
- 5 significant investments remaining, with 3 paying regular cash interest
- $15m of repayments in 2010

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The book value of our remaining lending transactions is $38m. These are senior and subordinated loans across a variety of industries.

There are five significant investments remaining, with three of these paying regular cash interest.

We achieved $15m of repayments in this asset class in the past year, and we anticipate further repayments in 2011.

Investments

Shipping

- Total book value $27m
- Equity investments in cargo-carrying vessels
- 3 remaining investments
- Affected by falls in both charter rates & secondary market prices; LVR covenants an issue
- Just over $1m realised in 2010

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Our remaining shipping transactions now total $27m. These are equity investments in cargo-carrying vessels.

There are three remaining investments involving six vessels chartered to three shipping companies for an average remaining period of 2.5 years.

The shipping industry has been affected over the past two years by material falls in charter rates and secondary market prices. This has resulted in loan-to-valuation covenants in transaction-specific senior debt facilities becoming a core issue.

Thus, our investments will rely on the continuing support of the senior lenders within the transactions. A factor that will work in our favour is that all the charterparties within our transactions continue to meet their lease obligations in full.

We realised just over $1m of repayments from our shipping portfolio in 2010. Given the continuing depressed conditions in shipping markets, we expect that it will take a further two to three years to realise our remaining investments in this sector.

Investments

Property

- Total book value $15m
- Mezzanine loans invested in real estate developments in Australia & US
- 5 significant investments remaining
- Affected by slowdown in sales activity & falls in market prices
- Repayments of $14m in 2010

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The book value of our property investments is $15m. These investments consist of mezzanine loans used to finance residential and commercial property developments in eastern Australia and the US.

There are five significant investments remaining. All these transactions have been affected adversely by a slowdown in sales activity and falls in market prices over the past two years.

We realised repayments of $14m in this sector in 2010 and anticipate further repayments in 2011.

Investments

Infrastructure

- Total book value $10m
- Equity investment in solar facility in Spain
- Affected by falls in secondary market prices
- $27m of repayments in 2010

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Keybridge has one remaining infrastructure investment, being an equity investment in a solar electricity facility in Spain.

The secondary market prices for renewable infrastructure investments have fallen over the past two years as investors seek higher rates of return.

This particular investment is currently ungeared, with Keybridge holding all of the equity. We are in the process of resolving some remaining production issues with the major contractor who constructed the facility. Once this is finalised, we will look to either sell the facility or raise senior debt against it.

We realised our other infrastructure investments in 2010, raising a total amount of $27m.

Management & Board

- Six executives in management team
- Board consists of three non-executive directors plus Managing Director
- Must balance:
  - Cost containment; and
  - Need to have team of sufficient size & quality to pursue recoveries

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Keybridge now has a six person executive team. This has been reduced from ten people over the past 18 months.

Our board consists of three non-executive directors plus the Managing Director.

Given our current priority is debt reduction, we are very focused on cost containment. Against this, however, we must balance the need to have a management team of sufficient size and quality to pursue effectively the recovery of our investments.

Outlook

- Not making new investments
- Priority is to repay debt
- Shorter-term objectives
  - Keep opex as low as practicable
  - Bring forward realisations where possible
  - Where this is not practicable, preserve as much value as possible
- Need to refinance corporate debt by June 2011
- Objective is to seek to rebuild a long-term business

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Let us turn now to the outlook for the Company.

As we have flagged, we are currently not making new investments. Our priority is to repay our debt. It is only after we have been able to reduce our borrowings materially, that we will be able to consider resuming distributions to shareholders.

Our shorter term objectives, therefore, are to keep our operating costs as low as practicable and to bring forward investment realisations wherever possible. Where realisations are not practicable in the shorter term, our objective is to preserve as much value in the investments as possible.

This applies particularly to our remaining aviation and shipping investments, where the markets are not yet conducive to realisations at acceptable prices.

A key focus for the coming financial year will be the need to refinance our corporate debt by June 2011. It is imperative that we achieve terms for any refinancing that give us the time to continue realising investments in the ordinary course.

We are undertaking work towards developing a longer term business plan for Keybridge. It is too early to be definitive on what shape this will take. Our success in being able to formulate a longer term plan will depend on the progress of our larger transactions, particularly those in aviation, and on the refinancing discussions with our lending banks. Our objective, is to rebuild a long term business that is involved in areas in which we have experience. We will have more to say on this topic on or before the release of our half year accounts in February next year.

Contact

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Thank you for your time today. If you have any questions, please feel that you can contact me directly.