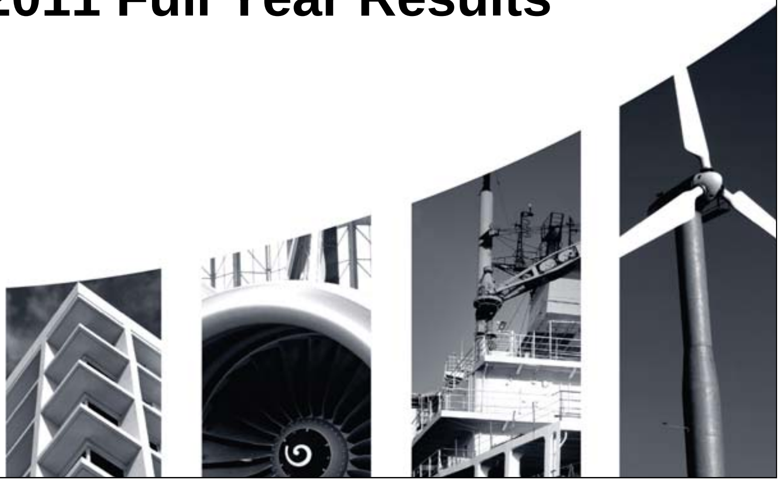
KEYBRIDGE CAPITAL LIMITED

2011 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 results for the financial year to 30 June 2011, the status of the Company's balance sheet and the outlook for the business.

Summary

- Loss for full year of $34.0 million, with a further negative contribution from foreign exchange
- Aviation repayment results in increased asset writedowns but places Keybridge in stronger financial position
- Net tangible assets 29 cents per share
- Objective is to reduce borrowings further to enable consideration of resuming distributions to shareholders

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Keybridge Capital reported a loss of $34.0 million for the year to 30 June 2011. A material portion of this loss arose from foreign exchange losses caused by the continuing appreciation in the value of the Australian Dollar.

The Company earned a small operating profit in the second half of the year, although this was offset by foreign exchange losses and asset writedowns. The writedown in asset values in the second half reflected continuing weakness in shipping markets but also a strategy of seeking to accelerate the repayment of one of the Company's aviation investments.

The pace of repayments slowed as the year progressed. This was due to the investments remaining in the portfolio being subject to illiquid underlying markets, particularly in aviation and shipping. With the priority remaining on reducing borrowings further, the Company has been focused on achieving a repayment of at least one of its aviation investments. The carrying value of one investment was reduced, as a result, to recognise that such an accelerated realisation would likely need to be achieved at a discount to book value.

Contracts have now been entered into for the repayment of this aviation investment. This will result in Keybridge receiving a repayment amount of no less than USD45 million no later than mid October 2011, which is consistent with the revised carrying value for this transaction. This repayment will allow a material further reduction in outstanding borrowings and, as a result, will place the Company in a stronger financial position. Importantly, it enhances the prospects of bringing forward the timetable for a return of value to shareholders.

Shareholders' funds as at 30 June 2011 represented net tangible assets of approximately 29 cents per share.

The key objective for Keybridge is to continue achieving investment repayments so as to reduce borrowings even further.

If this is achieved, as we head through 2012, the Keybridge Board can begin to consider when distributions to shareholders may be able to resume and whether the Company should commence investing again.

Profitability

	2011 $m	2010 $m
Income	11.3	27.5
Borrowing Costs	(11.1)	(15.6)
Operating Costs	(4.5)	(4.7)
Pre Tax Operating Profit	(4.3)	7.2
Foreign Exchange	(15.5)	(11.6)
Net Impairments	(16.1)	(33.2)
Income Tax	1.9	(12.3)
NPAT	(34.0)	(49.9)

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We will now look in more detail at the results for the financial year to 30 June 2011.

There was an operating loss for the full year, due principally to a much reduced level of income compared with 2010. This reduction in income was the result of:

- A lower level of income-generating investments due to the repayments that occurred in 2010 and 2011; and
- Only income received as cash now being recognised, whereas in 2010, approximately $10 million of accrued income was included in the accounts.

Foreign exchange continues to be a significant drag on the Company's performance. The majority of the Company's investments are denominated in US Dollars. During the past year, the Company's US Dollar borrowings hedged, on average, nearly two-thirds of its US Dollar assets. The Company also has one remaining Euro-denominated asset. Under the terms of its debt facility, the Company is not in a position to hedge foreign currency assets not matched by borrowings in the same currency. Through the 2011 financial year, the Australian Dollar rose substantially in value against both the US Dollar and the Euro. This resulted in a foreign exchange loss on the unhedged component of foreign currency assets.

Net new asset impairments in 2011 were significantly lower than in the prior financial year. Contributing to the additional provisions in the most recent year was the continuing difficult operating environment in shipping markets, and also the writedown associated with the accelerated repayment of the aviation investment.

Partly offsetting the new impairments have been improvements in certain of the Company's property and lending transactions, which have allowed the write-back of some impairments from prior periods.

Borrowing costs in the latest period were lower than the previous year due to a lower level of average borrowings as a result of repayments. The average level of borrowings in the financial year to June 2011 was $116 million, compared with $176 million in the prior financial year. The average cost of borrowings was 9.6% per annum in the last financial year versus 8.9% per annum in the prior year. This increase in the average cost of borrowings reflects a full year's effect of an additional charge levied by the Company's banks, as well as an increase, as repayments have occurred, in the percentage of borrowings covered by interest rate swaps entered into at high interest rates in prior periods. These interest rate swaps matured during the half year to June 2011.

The loss in 2010 from income tax arose because the Company wrote-off the value of its deferred tax assets in that year.

Profitability

	2011		
	1H	2H	Total
Income	4.0	7.3	11.3
Borrowing Costs	(6.7)	(4.5)	(11.1)
Operating Costs	(2.3)	(2.2)	(4.5)
Pre Tax Operating Profit/(Loss)	(5.0)	0.6	(4.3)
Foreign Exchange	(13.0)	(2.4)	(15.5)
Net Impairments	(3.8)	(12.3)	(16.1)
Income Tax	1.2	0.7	1.9
NPAT	(20.6)	(13.4)	(34.0)

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If we look at the trend of profitability through the year, we can see that there was a small operating profit in the second half.

Apart from continued foreign exchange losses, the major negative contribution in the second half was the asset impairment of approximately $11 million arising from the accelerated aviation repayment.

Operating Cashflow

Year To 30 June 2011		$m
Cash Outgoings	Operating Costs	4.5
	Bank Interest	9.4
	Total	13.9
Cash Income		11.3
Shortfall (made up from investment repayments)		2.6

Average Cash Holdings	6.5

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Keybridge continues to operate under a cash sweep mechanism with its banks, whereby all surplus cashflow is applied to debt reduction on a monthly basis. So long as this sweep remains in place, Keybridge is unable to make new investments or pay dividends to shareholders.

Over the last two years, a range of the Company's investments have stopped paying cash income to Keybridge. This has been due principally to the effects of the global financial crisis on underlying asset markets, which required cashflows from the various assets to be used to accelerate repayment of transaction-specific senior debt, rather than being paid to subordinated investors such as Keybridge.

As a result of this reduction in cash income, Keybridge has been reliant on investment repayments and cash-on-hand to meet its outgoings of operating costs and bank interest.

This cashflow shortfall is expected to be reduced over the course of the 2012 financial year. The key factors contributing to this improvement are as follows:

- The maturity during the half year to June 2011 of the Company's interest rate swaps, which had been adding materially to the cost of borrowings;
- The further reduction in outstanding borrowings facilitated by the aviation repayment; and
- An anticipated reduction in operating costs.

Balance Sheet

	June 2011 $m
Investments	145.1
Cash & Other Assets	5.4
Liabilities	(101.4)
SHF	49.4

Currency	Assets	Liabilities	Net
US Dollars	121m	107m	14m
Australian Dollars	30m	1m	29m
Euros	6m	-	6m

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At 30 June 2011, Keybridge had shareholders' funds equal to $49.4 million, which equates to net tangible assets of approximately 29 cents per share.

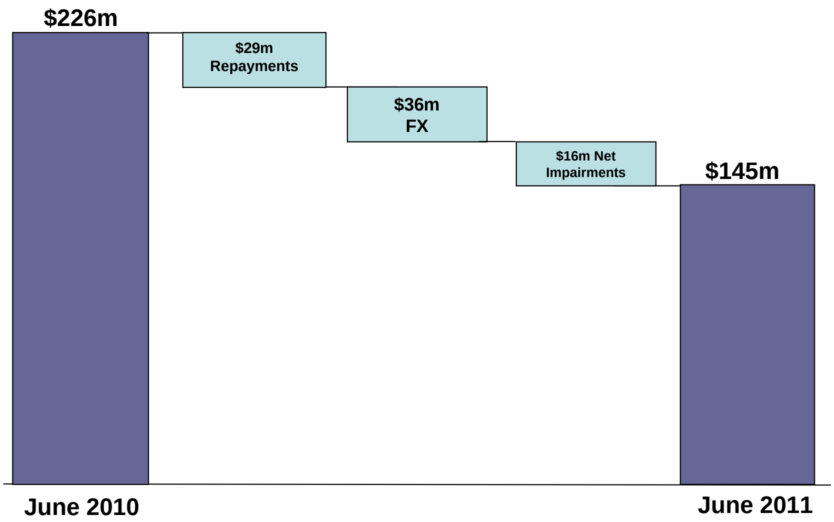
Of the Company's assets, 75% are denominated in US Dollars with a further smaller amount in Euros. The terms of Keybridge's debt facility do not allow access to forward contracts to hedge these foreign currency assets. The Company partially mitigated this situation by denominating the majority of its corporate borrowings in US Dollars.

During 2011, the US Dollar assets were hedged, on average, as to almost two-thirds by borrowings also in US Dollars. Because there was an unhedged component of foreign currency assets, Keybridge's profitability and shareholders' funds varied with changes in the value of the Australian Dollar against the US Dollar and, to a lesser extent, the Euro.

By year-end, Keybridge had converted its remaining Australian Dollar borrowings into US Dollars. As a result, as at 30 June 2011, approximately 89% of its US Dollar assets were hedged by borrowings in the same currency.

This has reduced the net currency exposure of the Company's balance sheet to a level which is materially lower than applied during both the 2010 and 2011 financial years.

Investments



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Over the course of the last twelve months, the value of Keybridge's investments portfolio fell from $226 million to $145 million. This was due to:

– Investment repayments of $29 million;

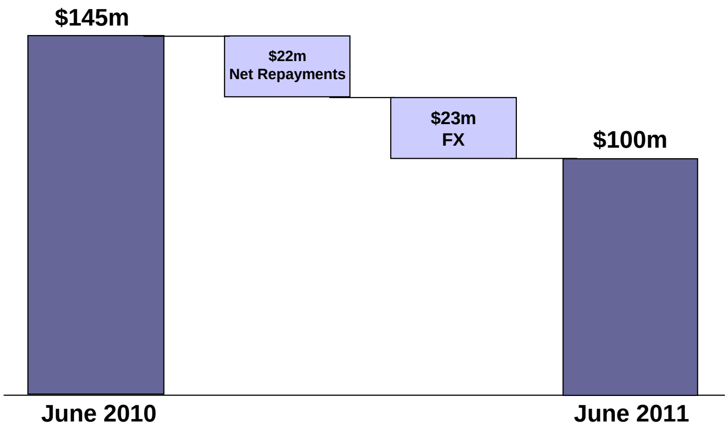
– Foreign exchange movements of $36 million; and

– Net impairments of $16 million.

The bulk of the Company's investments portfolio is denominated in US Dollars and, to a minor extent, Euro. These currencies depreciated materially against the Australian Dollar over the course of the last twelve months, leading to the fall in value in Australian Dollar terms of Keybridge's investments.

As can be seen on the next slide, approximately two thirds of this foreign exchange movement on assets was offset by changes in the value of the Company's US Dollar borrowings.

Corporate Debt



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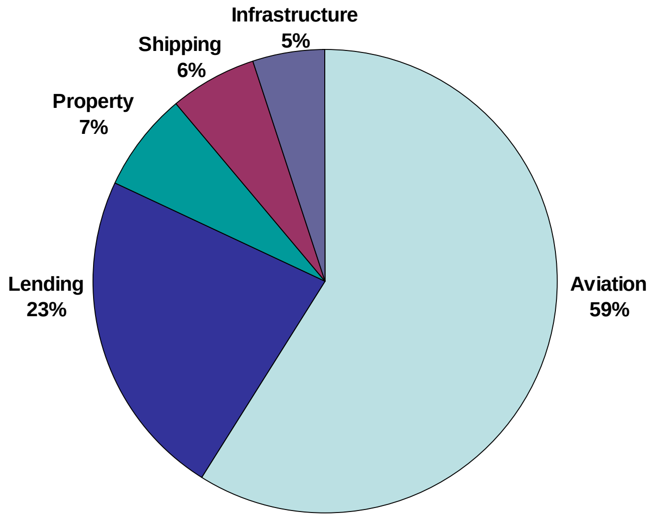
By 30 June 2011, Keybridge had reduced its outstanding corporate borrowings to $100 million. Over the course of the year, borrowings fell by $45 million. Of this, $22 million was due to net repayments and $23 million was due to foreign exchange movements.

In April 2011, the Company and its banks agreed an extension in the maturity of Keybridge's debt facility to 2 June 2012. The revised terms include a minimum repayment obligation of $12.5 million for the period from 1 January 2011 to 2 December 2011. By today's date, $9.4 million of this requirement has been satisfied. The repayment of the aviation transaction will allow this banking obligation to be met in full. It will also allow satisfaction of a minimum repayment threshold of $20 million, which triggers a reduction in the effective borrowing margin under the debt facility from 5.25% per annum to 3.75% per annum.

The lending facility continues to require the Company to sweep all spare cash to the banks. As mentioned, this prevents for now the making of new investments and the payment of dividends to shareholders.

Investments

30 June 2011
Total $145m



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At 30 June 2011, the total book value of our investments was $145 million. The largest asset class was aviation, representing 59% of investments.

Lending transactions represented 23% of the portfolio, property 7%, shipping 6% and infrastructure 5%.

Investments

Aviation

- Total book value $86m
- Two key remaining investments: One contracted to be repaid in current half year
- Aviation market still recovering
- $9m of repayments in 2011

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Our largest asset class is aviation, with a total book value of $86 million.

Keybridge has two key remaining aviation assets. One is a preferred equity interest in four aircraft portfolios containing a total of 46 narrow body and three wide body passenger aircraft leased for an average remaining term of over three years to 23 international airlines. This investment is now contracted to be repaid during the six months to December 2011.

This transaction has not generated any cashflow for Keybridge since 2008 and this was not expected to change over the medium term. Also, over the past 12 to 18 months, the Company has been incurring significant costs in managing this transaction.

The other aviation investment is a mezzanine loan backed by five wide body passenger aircraft leased for an average remaining term of approximately 2.5 years to three international airlines. During the year, one airline lessee in this portfolio defaulted on its obligations. This aircraft is being sold by the senior lender and Keybridge's carrying value was amended as at 31 December 2010 to reflect a nil recovery for the Company from this aircraft.

Keybridge receives monthly payments of principal and interest from this second aviation transaction.

The market for second-hand aircraft is still to recover fully from the effects of the global financial crisis, which tended to reduce the market prices of aircraft and to constrict the availability of senior bank debt.

In the past year, the Company realised $9.6 million of repayments from its aviation investments.

Investments

Lending

- Total book value $33m
- Three investments remaining
- Material repayment anticipated in current half year
- $11m of recoveries in 2011

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The book value of our lending transactions is $33 million. These investments consist of three transactions across a variety of industries.

One of these transactions is a subordinated loan to an Australian motor vehicle leasing business. The borrower has recently completed an extension of its senior loan facility. This transaction repays principal and interest to Keybridge each month and we currently anticipate that the Company's subordinated loan should be repaid from cashflow over time.

The second of the transactions is a preferred equity investment backed by controlling interests in five unlisted US companies. This investment is managed by transaction partner, Republic Financial Corporation, which owns the ordinary equity in the portfolio. Most of the underlying businesses are performing at levels at or below what was originally forecast, and recovery of Keybridge's investment has been delayed as a result. This investment currently does not make cash distributions to Keybridge.

The final transaction is a senior ranking loan secured by a Chinese retailing business. We currently anticipate that there will be a material repayment from this loan in the six months to 31 December 2011. At the present time, Keybridge does not receive cash distributions from this transaction.

Over the past year, Keybridge realised $10.9 million of recoveries from its lending transactions.

Investments

Property

- Total book value $10m
- Improvements in transactions enabled partial write-back of previous impairments
- Two material investments remaining
- Realisations of $12m in 2011

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The book value of our property investments has increased from $4 million to $10 million since December 2010 reflecting improvements in the performance of transactions within the portfolio.

Keybridge now has two material property investments remaining. One is a subordinated loan backed by a residential development project in Zetland in Sydney. This development is meeting its required milestones, although it is likely to take at least a further 18 months for Keybridge to be repaid.

The other property investment is a subordinated loan secured by a pool of Australian commercial mortgages. The pool is gradually being reduced via the refinancing of the underlying loans, with the senior lender being repaid first. All the loans in the pool are first ranking. It is likely to take a further 2 to 3 years for Keybridge to be repaid.

In the past 12 months, Keybridge realised $11.9 million of recoveries from its property investments.

Investments

Shipping

- Total book value $9m
- Two material investments remaining
- Affected by falls in both charter rates & secondary market prices; LVR covenants remain an issue
- Just under $1m realised in 2011

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The book value of our shipping transactions now totals $9 million.

In shipping markets, charter rates and secondary market prices of vessels have fallen materially over the past few years. The shipping transactions in the Company's portfolio have senior debt facilities with loan-to-valuation covenants that have already been, or may in the future be, breached. Thus, the continuing support of the non-recourse senior lenders is important.

Keybridge has two material shipping investments remaining. These are equity investments in four ships leased to two shipping companies for an average remaining term of just over two years. The ships are employed in the chemical/palm oil and petroleum products sectors.

These transactions are not currently making cash distributions to Keybridge. The underlying charter parties are continuing to meet their payment obligations on time and cashflow is being used to accelerate senior debt reduction at the asset level.

In 2011, the Company realised less than $1 million of repayments from its shipping investments.

Investments

Infrastructure

- Total book value $7m
- Equity investment in solar facility in Spain
- Affected by retrospective change in legislation

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The Company has one remaining infrastructure transaction, being an equity investment in a solar electricity facility in Spain. It has a book value of $7 million.

This investment is currently ungeared, having no senior debt at the asset level.

The secondary market prices for infrastructure investments have fallen over the past two years. This has been exacerbated by a decision by the Spanish Government in December 2010 to alter legislation to reduce the income able to be earned by solar facilities in Spain.

In addition, there are some production issues at this plant as a result of sub-standard solar panels having been installed. The constructor and manager of the plant, being a large global engineering and construction company, is progressively replacing the faulty panels.

This transaction generates monthly cash income for Keybridge.

Management & Board

- Five executives in management team
- Board consists of two non-executives & two executives
- Cost containment a key focus

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Keybridge now has a five person executive team, and our Board consists of two non-executive directors plus two executive directors.

Given our current priority is debt reduction, we are focused on cost containment.

One element of our costs which has increased over the past couple of years are legal costs, which have been incurred in managing and pursuing recovery of a small number of our investments.

In this respect, the Company has been incurring significant costs in managing the aviation transaction which is contracted to be repaid during the current half year. The repayment of this investment, therefore, should lower Keybridge's legal costs materially.

Outlook

- Not making new investments
- Priority is to reduce Company's debt further
- If this can be achieved, distributions to shareholders & business growth will become possible again

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Let us turn now to the outlook for the Company.

For the time being, we are not able to make new investments. Our priority is to achieve realisations of existing investments to repay our debt facility.

The repayment of the aviation investment that is contracted to occur in the current half year will place the Company in a stronger financial position. The key objective for Keybridge is to continue achieving investment repayments so as to reduce borrowings even further.

If this is achieved, as the 2012 financial year progresses, the Keybridge Board can begin to consider when distributions to shareholders may be able to resume and whether the Group should commence investing again.

Contact

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Thank you for your time today. If you have any follow-up questions, please contact me directly.