December 2010
Half 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 six months to 31 December 2010, the status of the Company's balance sheet and the outlook for the business.

Summary

- Overall loss $20.6m: Majority of loss attributable to foreign exchange movements
- NTA 35.5 cents per share
- Conditions remain challenging in shipping; aviation looking more positive
- Interim bank debt repayments completed ahead of schedule
- Discussions to extend bank debt under way

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The Company incurred an after tax loss for the latest six months of $20.6m. The majority of this loss was attributable to movements in the value of the Australian Dollar.

There was an underlying operating loss of $5m.

Shareholders' funds as at 31 December 2010 represented net tangible assets of 35.5 cents per share.

Conditions in Keybridge's markets have remained challenging for maintaining values and realising investments, particularly in shipping.

More positively, there are signs emerging that a recovery in aviation markets may be under way.

Interim repayments required under our bank debt facility have been completed ahead of schedule. We have begun discussions with the Company's banks to extend the maturity date of our debt facility. These discussions are progressing satisfactorily but are yet to be finalised.

Profitability

	6 Mths To Dec '10 $m	6 Mths To Dec '09 $m
Income	4.0	14.5
Borrowing Costs	(6.7)	(8.0)
Operating Costs	(2.3)	(2.7)
Pre Tax Operating Profit	(5.0)	3.8
Foreign Exchange	(13.0)	(11.5)
Net Impairments	(3.8)	(17.9)
Income Tax	1.2	(13.6)
NPAT	(20.6)	(39.2)

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We will now look in more detail at the results for six months to 31 December 2010.

Over the last two to three 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, which have tended to require available cashflow to be used to accelerate repayment of transaction-specific senior debt.

Substantially all income recorded in the latest period was either received as cash or is expected to be received shortly after the end of the period. This reflects a change from the corresponding period last year, when $7.8m of accrued income was included in the accounts. The Company no longer recognises such accrued income in its profitability.

Another factor contributing to the reduction in income from last year is the repayment of investments. In the corresponding period last year, $2.1m of income was received from transactions that have since been repaid.

Foreign exchange continues to be a significant drag on the Company's performance. 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 one remaining Euro-denominated asset which is unhedged. Through the course of the half year to December 2010, the Australian Dollar rose substantially in value against both the US Dollar and the Euro. This resulted in a foreign exchange loss, the majority of which is unrealised.

Net new asset impairments in the latest half year were significantly lower than the corresponding period last year. A major reason for the additional provisions in the most recent half year was the continuing difficult operating environment in shipping markets. New impairments of approximately $5m were taken against the Company's shipping investments.

In addition, there were smaller impairments taken against Keybridge's remaining infrastructure investment, due to a retrospective change in legislation by the Spanish Government, and in aviation due to the possible default of one of the airline lessees within the portfolio. Offsetting these other provisions, positive developments within the Company's US property investments and in its lending transactions led to write-backs of previously recognised impairments.

Borrowing costs in the latest period were lower than last year due to a lower level of average borrowings as a result of repayments. The average level of borrowings in the half year to December 2010 was $128m, compared with $197m in the corresponding period last year. The average cost of borrowings was 10.4% per annum in the latest half, versus just over 8% per annum last year. This increase in the average cost of borrowings reflects:

- the imposition of an additional fee of 1.75% per annum by the Company's banks in December 2009; and
- 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 mature during the half year to June 2011.

Operating costs have fallen due to a reduction in employee numbers. Offsetting this have been higher legal costs involved in managing the recovery and protection of our investments portfolio.

The material improvement in the contribution from income tax from last year is due to the one-off decision at that time to write-down the value of the Company's deferred tax assets to zero.

Balance Sheet

	Dec '10 $m	Jun '10 $m
Investments	166	226
Cash & Other Assets	12	7
Liabilities	(117)	(154)
SHF	61	79

December 2010 NTA : $0.355 per share

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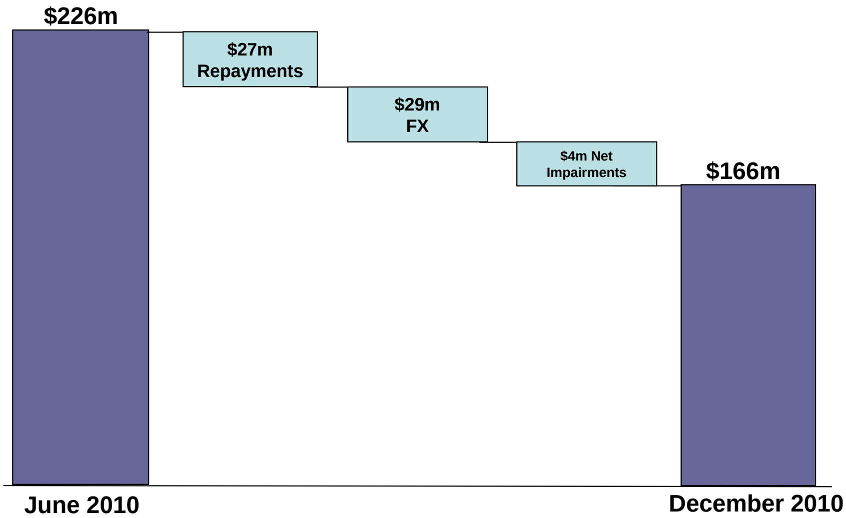
The Company's shareholders' funds were $61m as at 31 December 2010. This represented net tangible assets of 35.5 cents per share.

The fall in shareholders' funds since June 2010 is mostly accounted for by the loss flowing from the rise in the value of the Australian Dollar.

Investments



Over the course of the last six months, the value of Keybridge's investments portfolio fell from $226m to $166m. This was due to:

– Investment repayments of $27m;

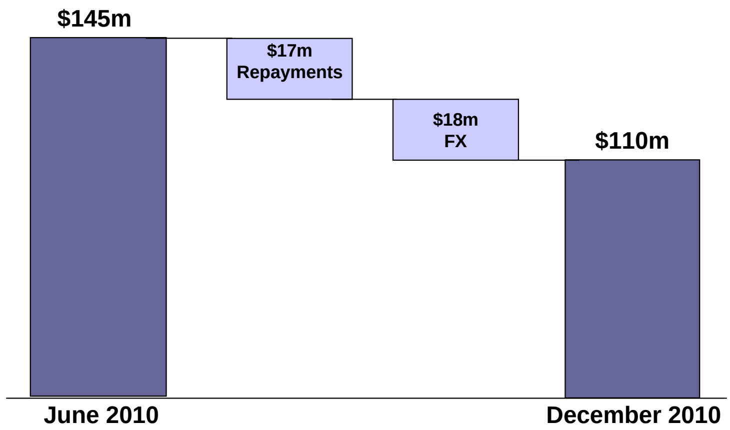
– Foreign exchange movements of $29m; and

– Net impairments of $4m.

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 six months, leading to the fall in value of Keybridge's investments.

As can be seen on the next slide, more than half of this foreign exchange movement was offset by changes in the value of the Company's US Dollar borrowings.

Corporate Debt



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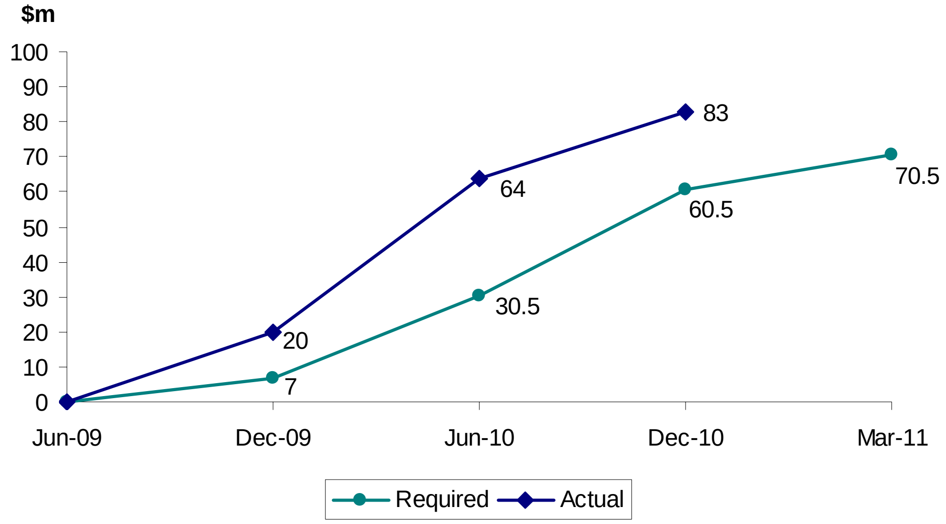
Between June and December 2010, Keybridge’s outstanding borrowings fell from $145m to $110m. This decrease was due to $17m of repayments and $18m of foreign currency movements associated with the Company’s US Dollar borrowings.

Corporate Debt

Cumulative Repayments



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Our corporate debt facility matures in June 2011. Ahead of that date, the Company has been obliged to make interim repayments of at least $70.5m by March 2011.

By 31 December 2010, actual repayments totalled $83m.

A further $3m of repayments have been made since the end of the period.

Operating Cashflow

Half Year To December 2010	$m
Operating Costs	2.6
Interest Payments	6.1
Total Cashflow Commitments	8.7
Interest Income	3.4
Income Component of Realisations	2.7
Total Cash Income	6.1

Average Cash Holdings	6.6

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Liquidity management is a high priority for Keybridge. As we have mentioned, many of Keybridge'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 six months, the Company's fixed cashflow commitments totalled $8.7m, being $2.6m of operating costs and $6.1m of interest payments to Keybridge's banks. To finance these commitments, Keybridge received $3.4m of interest-style income from its investments and a further $2.7m of income from investment realisations.

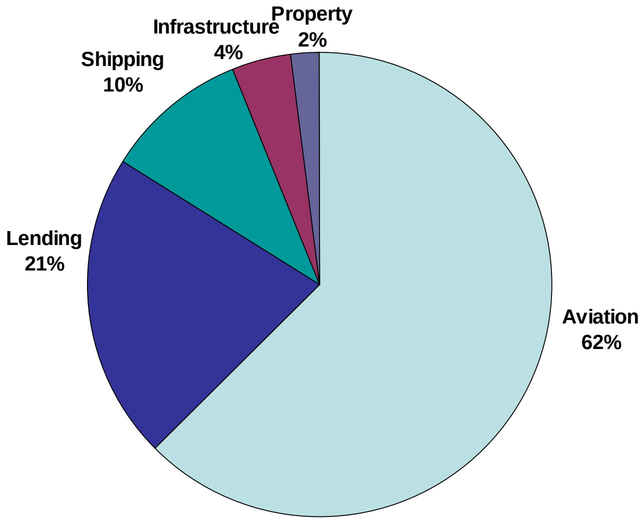
Thus, cash commitments exceeded cash income by $2.6m during the half year.

This cashflow gap has been readily accommodated by overall investment realisations during the period and by cash-on-hand (which averaged $6.6m).

It is anticipated that, over the next 12 months, the Company will continue to be able to meet its fixed cashflow commitments from a combination of interest income, investment realisations and cash-on-hand.

Investments

31 December 2010
Total of $166m



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At 31 December 2010, the total book value of our investments was $166m. The largest asset class was aviation, representing 62% of investments.

Lending transactions represented 21% of the portfolio, shipping 10%, infrastructure 4% and property only 2%.

Investments

Aviation

- Total book value $103m
- Preferred equity & mezzanine loans secured by passenger jet aircraft
- Affected by falls in secondary market prices & constrained bank lending but more positive signs emerging
- $9m of repayments in December half

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Our dominant asset class is aviation, with a total book value of $103m. Our investments in this sector are preferred equity and mezzanine loans invested in passenger jet aircraft. The aviation portfolio consists of two broad transactions. The first is a preferred equity investment in a portfolio of 49 aircraft, which are largely narrow-body; the second transaction consists of three mezzanine loans, cross-collateralised against five wide-body aircraft.

The aviation sector has been affected by falls in secondary market prices, reduced airline profitability and constrained bank lending. Despite this, except as noted below, all the airlines underlying our investments have been performing and meeting their lease obligations. Also, the equity buffers sitting below Keybridge's investment position have mitigated, to some extent, the falls in aircraft values.

Since 31 December 2010, one airline within the portfolio has experienced financial difficulties due to changes in regulations regarding its principal air routes . Keybridge has reflected the impact of the possible default by this airline in the impairments taken as at 31 December 2010.

Within the aviation portfolio, there are some lease and senior debt maturities occurring over the next 12 to 24 months, and these will need to be managed carefully. The aircraft market is showing signs that improvement may occur over the next couple of years. Despite this, realising our remaining investments in this sector at acceptable values will remain challenging in the shorter term.

In the last half year, we achieved $9m of realisations in this asset class, which came from the refinancing of one underlying aircraft transaction.

Investments

Lending

- Total book value $35m
- Senior & subordinated loans
- 3 significant investments remaining
- $6m of repayments in December half

The book value of our remaining lending transactions is $35m. These are senior and subordinated loans across different industries.

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

We achieved $6m of repayments in this asset class in the past half year. This involved two transactions being repaid in full.

Investments

Shipping

- Total book value $17m
- Equity investments in cargo-carrying vessels
- 3 remaining investments
- Affected by falls in both charter rates & secondary market prices; LVR covenants an issue
- Just under $1m realised in December half

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Our remaining shipping transactions now total $17m. 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 over 2 years.

The shipping industry has been affected over the past two years by material falls in charter rates and in secondary market prices. After showing initial signs of improvement, the specific segments of the shipping market in which Keybridge has invested fell backwards over the course of the past six months. This led to the Company recognising further impairments against its shipping investments of approximately $5m.

Reductions in shipping valuations have placed pressure on loan-to-valuation covenants within transaction-specific senior debt facilities. Thus, the performance of 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 under $1m of repayments from our shipping portfolio in the last half. 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

Infrastructure

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

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Keybridge has one remaining infrastructure investment, being an equity investment in a solar electricity facility in Spain. This particular investment is currently ungeared.

In late December 2010, the Spanish Government announced measures to reduce its budget deficit, which included placing a cap on the amount of electricity for which solar facilities can receive the prescribed feed-in tariff.

This announcement had the effect of reducing what had been regarded as a 25-year, government-mandated income stream.

Whist there are steps by industry bodies to challenge this decision by the Spanish Government, Keybridge has reflected the government announcement in its carrying value for this investment via a write-down of approximately $2m.

This decision by the Spanish Government is likely to lead to general uncertainty within the sector, meaning that Keybridge may need to delay the realisation of this investment.

Investments

Property

- Total book value $4m
- Mezzanine loans invested in real estate developments in Australia
- Repayments of $11m in December half

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The book value of our property investments is now only $4m. Our investments in this sector have consisted of mezzanine loans used to finance residential and commercial property developments in eastern Australia and the US.

Over the past six months, Keybridge has received $11m of repayments from its property investments. This included final repayments from its transactions in the US.

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. This has been reduced from ten people over the past 2 years.

Our board consists of two non-executive directors plus two executive directors.

Given our current priority is debt reduction, we are very focused on cost containment. One element of our costs which has increased over the past couple of years are legal costs, which are incurred in pursuing recovery of a small number of our investments. We are mindful of not incurring such costs unnecessarily but we need to be prepared to use legal means to protect Keybridge's interests in certain circumstances.

Outlook

- Not making new investments
- Priority is to repay debt
- Investment repayments slowed down
  - Improvement seen in aviation
  - Markets, however, remain relatively illiquid
  - Challenging to realise assets at acceptable prices in shorter term
- Looking to extend term of corporate debt
- Objective is to rebuild long-term business

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Let us turn now to the outlook for the Company.

For the time being, the Company is not making new investments. Its priority is to achieve realisations of investments to repay its debt facility. It is only after outstanding borrowings have been reduced significantly that a resumption of distributions to shareholders can be contemplated.

The pace of investment repayments has slowed over the past six months as a result of the Company's remaining investments being more difficult to realise.

We have seen an improvement in conditions in aviation markets. Overall, however, secondary markets for the assets remaining in our portfolio continue to be characterised by relatively low levels of liquidity. Thus, realising Keybridge's outstanding investments in the shorter term at acceptable prices remains challenging. Our expectation is that realisation of remaining investments will occur over a period of approximately three years.

A key objective for the Company in the current half year will be extending the term of its corporate debt. It is imperative that Keybridge achieves ongoing terms from its lenders that enable it to continue realising assets in the ordinary course. The Company is in discussions with its banks to achieve this.

In due course, our objective is to position Keybridge to rebuild a long-term business. Whilst we are focused, for now, on debt repayment, we are continuing to look for ways in which the Company may regrow its activities. Realistically, implementation of any such strategy will need to wait until our levels of debt have been substantially reduced.

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