

**Queen's Walk Investment Limited
Financial Results Announcement for the
Fourth Quarter and Year Ended 31 March 2010**

Queen's Walk Investment Limited reports €3.0 million profit for quarter ended 31 March 2010

Queen's Walk Investment Limited (the "Company"), a Guernsey-incorporated investment company, has reported a net profit of €3.0 million, or €0.11 per ordinary share¹, for the quarter ended 31 March 2010, compared to a net profit of €0.6 million, or €0.02 per ordinary share for the quarter ended 31 December 2009.

Fair value write-ups for the quarter were a net €0.1 million, compared to €2.4 million of write-downs for the quarter ended 31 December 2009. The Company's net asset value ("NAV") at quarter end was €3.73 per share² compared to €3.69 per share at the previous quarter end, and €3.96 per share as at 31 March 2009.

The investment portfolio generated more cash than forecast in the quarter. Cash proceeds received from investments of €6.3 million in the quarter exceeded the forecast of €4.5 million. The Company realised additional cash proceeds of €14.6 million from the sale of the Magellan 2 portfolio and the AAA-rated portion of the ABS bond portfolio. The cash position was €15.7 million as at 31 March 2010.

The Board of Directors of the Company has declared an interim dividend of €0.08 per share for the quarter ended 31 March 2010, unchanged from the previous quarter.

Debt fully repaid; increasing focus on growth through building ABS bond portfolio

The Company has made substantial progress in its strategy of repaying its financing facility and increasing exposure to ABS (asset-backed securities). On 6 April 2010, the Company fully repaid its loan facility, which stood at €29.5 million as at 31 March 2009. The final repayment, nine months ahead of schedule, removes all leverage from the balance sheet.

During the quarter, the Company invested €6.5 million in purchasing ABS bonds which accounted for 15.3% of the investment portfolio at the end of the quarter and 20.4% as at 1 June 2010. The Company will continue its strategy of purchasing ABS bonds in order to deliver an improved risk/reward profile to investors.

The elimination of debt repayments combined with active investment of the bonds will free up additional cash to fund the Company's growth in future quarters. The Company expects the ABS portfolio to increase as a percentage of overall assets in coming quarters, and for legacy assets to fall as a proportion of overall assets. In line with this goal, the Company has sold the Gate 06-1 SME portfolio since the March 2010 quarter end, raising the pro-forma NAV to €3.80 per share.

Tom Chandos, Chairman of Queen's Walk Investment Limited, said: "Completing repayment of our debt ahead of schedule marks an important milestone for the Company. It allows the Company to intensify its focus on growth, by investing more available cash in under-valued ABS bonds."

Fourth Quarter Highlights

- Quarterly dividend of €0.08 per share; total paid or declared dividends of €2.45 per share since the IPO.
- ABS bond portfolio comprises 15.3% of investment portfolio across 24 bond positions.
- Sales of Portuguese mortgage and SME loan portfolios accretive to NAV.
- Fair-value write ups in the UK mortgage and ABS bond portfolios offset write-downs in SME and European mortgage portfolios.
- Loss adjusted gross cash flow forecast of €168.0 million over the remaining life of the portfolio³.

¹ Calculations per share based on weighted average number of Ordinary Shares outstanding as shown in Note 9 of the financial statements for the quarter ended 31 March 2010.

² Calculations per share are based on the number of Ordinary Shares outstanding at the end of each respective period.

³ Cash flow forecast as at 1 June 2010.

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Conference Call & Further Information

A conference call to review the Company's financial results for the fourth quarter ended 31 March 2010 will take place at 10:30 AM London time on 11 June 2010. The conference call can be accessed by dialing +44 (0) 20 3037 9221, ten minutes prior to the scheduled start of the call. Please reference Queen's Walk Investment Limited. A results presentation will be available on the Queen's Walk website (www.queenswalkinv.com).

A webcast of the conference call will also be available on a listen-only basis at www.queenswalkinv.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast. A replay of the webcast will be available for three months following the call.

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About the Company

Queen's Walk Investment Limited is a Guernsey-incorporated investment company listed on the London Stock Exchange. The Company invests primarily in a diversified portfolio of subordinated tranches of asset-backed securities, including the unrated "equity" or "first loss" residual income positions typically retained by the banks or other financial institutions which have originated the loan assets that collateralise a securitisation transaction. The Company makes such investments where its investment manager, Cheyne Capital Management (UK) LLP ("Cheyne Capital" or the "Investment Manager"), considers the coupon or cash flows from the investment to be attractive relative to the credit exposure of the underlying asset collateral.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "forecasts", "estimates", "anticipates", "expects", "intends", "considers", "may", "will" or "should". By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. The Company's actual results and performance may differ materially from the impression created by the forward-looking statements and should not be relied upon. The Company undertakes no obligation to publicly update or revise forward-looking statements, except as may be required by applicable law and regulation (including the Listing Rules).

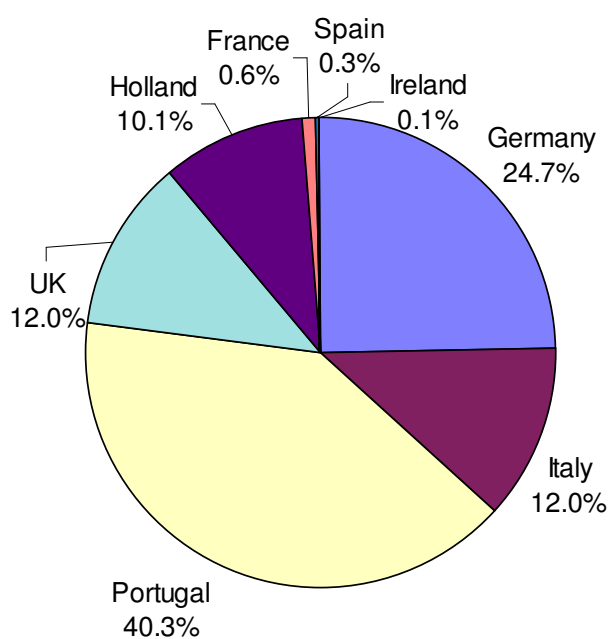
Financial Highlights

	Revenue	Fair value gains and losses	Total Quarter ended 31 December 2009	Revenue	Fair value gains and losses	Total Quarter ended 31 March 2010
Operating Income	4,106,756		4,106,756	3,747,279		3,747,279
Gains and losses on fair value through profit or loss financial instruments		(2,375,133)	(2,375,133)		115,472	115,472
	4,106,756	(2,375,133)	1,731,623	3,747,279	115,473	3,862,751
Operating Expenses	(979,731)		(979,731)	(769,041)		(769,041)
Finance Costs	(119,116)		(119,116)	(67,217)		(67,217)
Net profit / (loss)	3,007,909	(2,375,133)	632,776	2,911,021	115,473	3,026,493
Total Assets			120,000,313			111,336,170
Total Liabilities			21,565,392			12,006,329
Equity Capital			98,434,921			99,329,841
NAV per share			3.69			3.73
Shares Outstanding			26,644,657			26,644,657

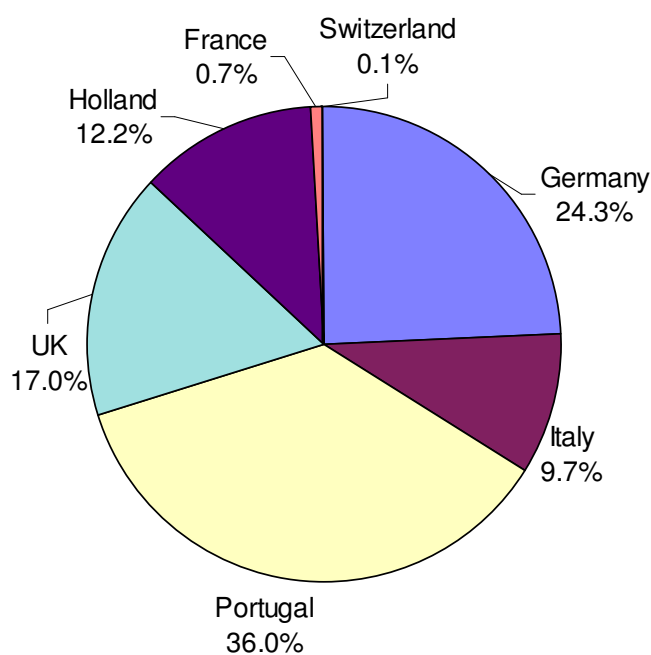
Investment Portfolio

A breakdown of the Company's investment portfolio by jurisdiction (by reference to underlying asset originator) is set out below. The ABS bonds are included in the charts and are also detailed in the next section. Percentages for each asset class are in relation to the value of the Company's investment portfolio excluding cash and hedges.

31 December 2009

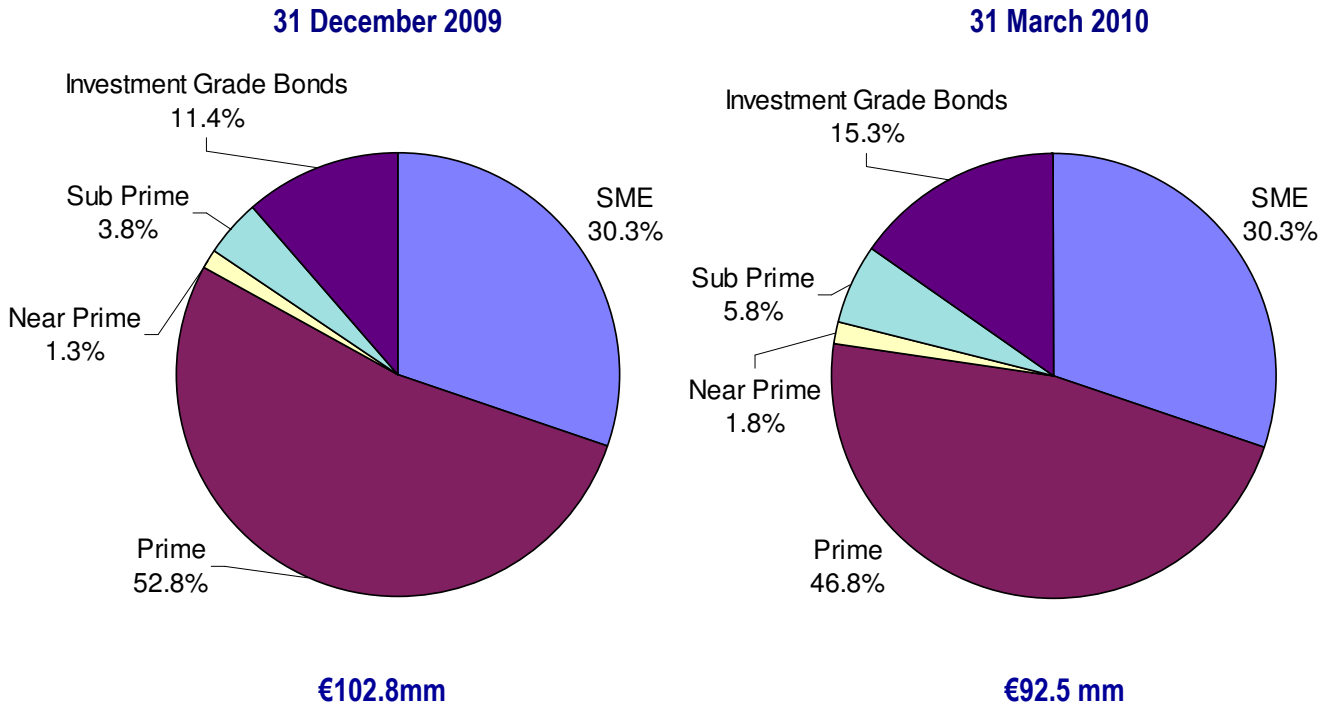


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A breakdown of the Company's investment portfolio by asset type (by reference to underlying asset collateral) is set out below. Percentages for each asset class are in relation to the value of the Company's investment portfolio, excluding cash and hedges.



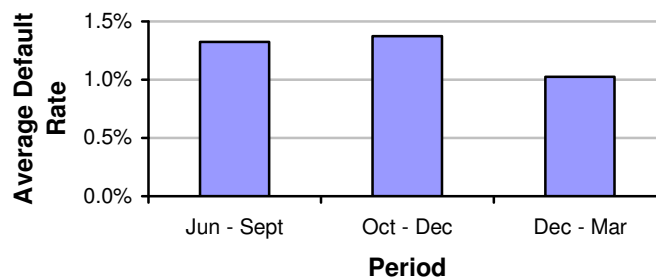
N.B. 'Prime' indicates that the underlying pool of loans comprises mortgages made to borrowers with good credit records and whose incomes were verified at the time of the origination.

European Mortgage Portfolio (40.4% of GAV)

The Company's European mortgage residuals performed satisfactorily, generating cash flow for the quarter ended 31 March 2010 of €1.8 million, compared to €2.6 million in the previous quarter. Cash flows in the year ended 31 March 2010 totalled €9.7 million, compared to €13.3 million in the previous year. Write-downs in the portfolio totalled €2.5 million. A €3.5 million write-down in the Sestante portfolio was partly offset by a gain of €1.0 million in the Portuguese mortgage portfolio.

The lower Euribor rate has had a positive effect on the Portuguese mortgage portfolio, with fewer mortgage borrowers falling into arrears than in previous quarters. These lower arrears levels translated into lower defaults in the portfolio for the quarter. However, the Company has decided not to reduce its default rate assumptions in the period.

Average Default Rate of the Portuguese Mortgage Portfolio



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The Company's exposure to the Portuguese market has fallen to 36.0% from 40.3% of the overall investment portfolio following the sale of the Magellan 2 mortgage portfolio on 26 February 2010. The bank that originated the underlying mortgages bought the portfolio at a sale price in line with the Company's 31 December 2009 valuation.

QWIL has closely followed developments regarding fiscal deficits in Southern Europe and the widening credit spreads. The Company believes that the wider spreads should have no direct impact on its mortgage portfolios because the majority of mortgage loans are indexed to short term Euribor rates. The key risk to asset value remains an increase in unemployment and consequent mortgage defaults as a result of government austerity measures.

The Company views it as positive that the Portuguese government and opposition parties have agreed to lower the country's 2010 deficit to 7.3% of GDP from 9.3% of GDP. This reduction in deficit will be implemented through a combination of spending cuts and increased taxes. Portugal experienced GDP growth of 1.0% in Q1 2010 and export growth of 15%. Nonetheless, to reflect continued uncertainty, the default rates the Company uses to forecast cash flows are approximately 30% higher than observed default rates.

QWIL has written down €3.5 million of the Sestante Italian mortgage portfolio as a result of an anticipated delay in expected cash flows which comprises a single bullet payment at the end of the transaction. Mortgage holders are finding it harder to refinance, with the result that the portfolio's mortgage refinancing rate fell to 9.5% this quarter from 18.5% in the previous quarter. This fall was more rapid than expected. Lower mortgage refinancing rates are likely to persist for a prolonged period and, as a consequence, have delayed the expected repayment date by approximately two years. This reassessment has lowered the net present value of the Sestante portfolio.

SME Portfolio Investments (27.2% of GAV)

The Company's SME portfolio performed in line with expectations. Cash flows in the quarter ended 31 March 2010 totalled €1.7 million, compared with €1.8 million in the previous quarter. Cash flows in the year ended 31 March 2010 totalled €7.4 million, compared with €14.3 million the previous year. However, the Company recorded fair-value write downs of €2.6 million in the quarter in anticipation of lower recovery rates on some assets.

Default rates remained volatile. The average default rate for the SME portfolio fell to 0.66%, from 1.84% in the previous quarter. Gate 05-2 recorded the greatest fall in default rates, to 1.48% from 5.71% in the prior quarter. We expect continued default rate volatility in the coming quarter.

	Sept 2009 Default Rate (annualised)	Dec 2009 Default Rate (annualised)	Mar 2010 Default Rate (annualised)
Amstel 06-1	0.0%	0.3%	0.5%
Smart 06-1	1.1%	1.3%	0.7%
Gate 06-1	0.8%	0.1%	0.0%
Gate 05-2	0.6%	5.7%	1.5%
Average	0.6%	1.8%	0.7%

The Company recorded write-downs against the Gate 05-2 and Gate 06-1 SME portfolios in the March quarter after observing an unusually low recovery rate for four defaulted loans. The Company continues to analyse these loans and has taken the precautionary measure of lowering the recovery rate across both these portfolios.

On 28 May 2010, the Company sold the Gate 06-1 SME portfolio at a level that was accretive to NAV. Through this sale the SME exposure has fallen from 30.3% to 24.4% of the overall investment portfolio.

ABS Bond Portfolio (13.7% of GAV)

The ABS bond portfolio recorded cash flows of €0.2 million in the quarter ended 31 March 2010, compared to €0.8 million in the previous quarter. Cash flows in the year ended 31 March 2010 totalled €1.7 million, compared to €0.8 million in the previous year. The lower cash flow this quarter is due to an increase in the proportion of mezzanine bonds. Mezzanine bonds receive interest but are not entitled to principal repayment until related

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senior bonds have been repaid. While this extends the cash flow profile, we currently see better potential for capital gain because of the higher relative value of mezzanine bonds versus AAA-rated bonds.

Appetite for high quality AAA-rated ABS bonds increased substantially in the early weeks of 2010. To take advantage of the price rally, on 22 January 2010, the Company sold €3.4 million nominal value of AAA RMBS bonds. The average sale price was 92.4 cents versus an average purchase price of 74.2 cents, giving an annualised return on the investments of 28.2%.

In the March quarter, the Company purchased €6.5 million of ABS bonds. New purchases were spread evenly across mezzanine, UK RMBS bonds and CMBS bonds. The average purchase price was 63 cents with an average rating of BBB+.

As at 31 March 2010, the ABS Bond portfolio held 24 bonds at a cost value of €14.1 million⁴ and a nominal value of €29.9 million⁵. The following tables detail the European ABS bonds purchased by the Company up to 15 May 2010⁶. The weighted average rating of the portfolio (based on the invested amount) is approximately BBB+⁷.

Percentage of Portfolio by Cost Price (as at 31 March 2010)

Rating by Vintage ¹	2004	2005	2006	2007	Total
AAA	0.0%	0.0%	8.8%	0.0%	8.8%
AA	0.7%	4.5%	18.4%	0.0%	23.5%
A	8.5%	4.6%	19.0%	11.9%	44.0%
BBB	0.0%	7.6%	4.7%	8.3%	20.6%
BB	0.0%	0.0%	3.1%	0.0%	3.1%
Total	9.2%	16.7%	53.9%	20.2%	100.0%

1. Vintage reflects the issue date of the bond. Rating at time of purchase.

Percentage of Portfolio by Cost Price (as at 31 March 2010)

Rating by Type ¹	UK Prime RMBS ²	UK Buy To Let RMBS ²	UK Non-Conforming RMBS ²	Euro Prime RMBS ²	UK CMBS ³	Euro CMBS ³	SME	Total
AAA	0.0%	0.0%	0.0%	0.0%	5.2%	3.6%	0.0%	8.8%
AA	0.0%	14.7%	0.0%	0.7%	0.0%	8.1%	0.0%	23.5%
A	3.4%	0.0%	13.7%	0.0%	12.9%	14.0%	0.0%	44.0%
BBB	7.6%	0.0%	0.0%	0.0%	0.0%	7.9%	5.1%	20.6%
BB	0.0%	0.0%	3.1%	0.0%	0.0%	0.0%	0.0%	3.1%
Total	11.0%	14.7%	16.8%	0.7%	18.1%	33.5%	5.1%	100.0%

1. Rating at time of purchase

2. Residential Mortgage Backed Securities

3. Commercial Mortgage Backed Securities

UK Mortgage Portfolio (8.5% of GAV)

The UK Mortgage portfolio recorded cash flows of £1.6 million in the quarter ended 31 March 2010 compared to £1.2 million in the previous quarter. Cash flows in the year ended 31 March 2010 totalled £3.9 million, compared to £11.1 million in the previous year.

The Company has increased the valuation of its RMAC assets by €3.4 million, as a result of lower defaults in the current period and lower forecast defaults versus our previous assumptions. The Company maintains conservative

⁴ Net of sales completed in January 2010.

⁵ Nominal shown is original notional using pool factor and FX rate at the time of purchase.

⁶ The tables include the bonds purchased at their cost using FX rates at the time of purchase.

⁷ Calculated using Moody's WARF (weighted average risk factor) methodology.

forecasts of defaults for the UK mortgage portfolio. The Company continues to work with mortgage originators to identify loans that do not satisfy representations and warranties provided at the time of the securitisation

Portfolio Valuation

In accordance with the Company's valuation procedures, the fair value of the Company's investments is calculated on the basis of observable market data, market discount rates and the Investment Manager's expectations regarding future trends. Given the re-structurings at many investment banks, there is a lack of reliable independent broker marks for the residual portfolio. Therefore, the Company has elected to use a model-based approach to value its residual investments. An external valuation agent has reviewed the underlying pricing assumptions. The Company has used a 15% discount rate for the European and UK mortgage portfolios and a 20% discount rate for the SME portfolios. These discount rates are applied to the loss-adjusted cash flows. The Company received broker marks for all of its ABS bonds.

Changes in the balance sheet value of the residual portfolio between 31 December 2009 and 31 March 2010 totalled -€4.0 million. This comprised -€2.3 million of principal amortisation and fair value losses of -€1.7 million. In relation to the ABS bond portfolio, the balance sheet value increased by €2.3 million. There were €6.5 million new purchases, fair value gains of €1.3 million, principal amortisations of -€0.1 million and sales of -€5.4 million. After giving effect to these balance sheet changes in the quarter ended 31 March 2010, the NAV of the Company was €3.73 per share as at 31 March 2010 (versus €3.69 per share as at 31 December 2009).

The Company recorded total cash flows of €20.9 million in the quarter, of which €6.3 million came from the investment portfolio, €5.4 million was received from the sale of the AAA bond portfolio and a further €9.2 million was received from the sale of the Magellan 2 portfolio. The net cash inflow from operating activities was €26.3 million for the year ended 31 March 2010 compared to €30.9 million for the year ended 31 March 2009. The table below summarises the changes in balance sheet values of the Company's investment portfolio by asset class:

Asset Class	31 Dec 2009 B/S Value ^{1,2} (€mm)	31 Mar 2010 B/S Value ² (€mm)	Change to B/S Value Since 31 Dec 2009 (€mm)	Cash flows Received in the Quarter Ended 31 Mar 2010 (€mm)	Cash flows Received in the Quarter Ended 31 Dec 2009 ³ (€mm)
UK Mortgages	7.0	8.8	1.8	1.8	1.3
Euro Mortgages	44.2	41.6	-2.6	1.8	2.6
SME	31.2	28.0	-3.2	1.7	1.8
ABS Bonds	11.8	14.1	2.3	0.2	0.8
TOTAL ⁴	94.1	92.5	-1.7	5.5	6.5

1. Balance sheet values as at 31 December 2009 are expressed using 31 March 2010 FX rates.

2. The balance sheet value figures for 31 December 2009 and 31 March 2010 include accrued interest.

3. Cash flows for 31 December 2009 are expressed using 31 March 2010 FX rates.

4. The values for each column may not sum to the total due to rounding differences.

Company Outlook – Focus on new investment opportunities

In the coming quarters, the Company will focus on growing its ABS portfolio and selling assets in legacy portfolios in order to improve its overall risk-reward profile. The Company plans to use cash freed up from debt repayment to further its strategy of selectively purchasing mis-priced bonds in the ABS markets, especially in the mezzanine segment of the market. Mezzanine bonds offer strong relative value, however cash-flow payments are lower in the short term because they repay no principal until related senior bonds are repaid.

Expected market volatility over the coming months will create opportunities to purchase undervalued ABS bonds. The Company will only invest in bonds whose price is considered depressed due to technical and liquidity issues.

The Company remains vigilant in monitoring the progress of its Portuguese assets in light of high fiscal deficits in Southern Europe. We believe that high credit spreads should have no direct impact on the Company's mortgage portfolios because most mortgage loans are indexed to short-term Euribor rates. The key risk to asset value

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remains an increase in unemployment and consequent mortgage defaults as a result of government austerity measures.

The Company estimates cash balances will be approximately €8.0 million at 30 June 2010. The Company projects cash flow of approximately €4.0 million per quarter for the coming quarters. As at 1 June 2010, the loss adjusted gross cash flow forecast is €168.0 million over the remaining life of the portfolio.