



Queen's Walk Investment Limited

Results Presentation – Quarter Ended 31 March 2009

17 June 2009



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Strong fourth quarter performance underpins Queen's Walk's improved financial stability

- Portfolios generated cash flows significantly above forecasts
- Made considerable progress in improving financial stability
- Company is ahead of schedule repaying debt facility
- Investment grade bond portfolio performed well
- Cash balance has strengthened



Fourth quarter financial review – Cash flow ahead of forecast; losses ease

- Net loss of €2.3 million versus net loss of €20.6 million for quarter ended 31 December 2008
- Fair value write-downs of the portfolio of €5.2 million, down from €24.1 million
 - Majority of write-downs were due to widening discount rates rather than the actual performance of assets
- NAV at quarter end was €3.96 per share compared to €4.12 per share as at 31 December 2008
- Cash proceeds of €12.4 million compared with forecast of €6.8 million
- Dividend of €0.08 per share for the quarter
 - Equates to dividend yield of 21% on the share price as at 12 June 2009



Progress on financial stability and new investments

- Ahead of its target debt repayment schedule
 - €23.5 million of outstanding debt as at 31 May 2009, down from €35 million on 31 December 2008
 - The Company had agreed with its lenders a target outstanding loan amount of €28.5 million for 30 September 2009
- Continuing to source attractive opportunities in investment grade bonds
 - As at 31 May 2009, spent €8.8 million to purchase €19.7 million face value of bonds
 - The investment grade bond portfolio recorded a cash-on-cash yield of approximately 17%¹ during the fourth quarter
- QWIL's investment portfolio remains cash generative and is expected to achieve lifetime cash flows of approximately €185 million

¹Total cash proceeds received in the quarter divided by amortised cost value of the bonds.



Fourth quarter financial highlights – Income statement

Income Statement (Euro)	31 Mar 2009	31 Dec 2008	30 Sep 2008
Operating income	3,792,021	5,206,236	6,309,383
Operating expenses			
Finance costs	-284,602	-593,538	-660,478
Other operating expenses	-701,581	-1,116,604	-1,250,551
Total operating expenses	-986,183	-1,710,142	-1,911,029
Net operating income	2,805,838	3,496,094	4,398,354
Realised and unrealised gains and loss on investment portfolio	-6,171,078	-28,212,633	-41,773,496
Net gains/losses on investments at fair value through interest rate swaps, foreign currency and options	1,017,058	4,071,478	-343,039
Total asset value adjustments	-5,154,020	-24,141,155	-42,116,535
Net loss/profit	-2,348,182	-20,645,061	-37,718,181



Fourth quarter financial highlights – Balance sheet

Balance Sheet (Euro millions)	31 Mar 2009	31 Dec 2008	30 Sep 2008
Assets			
Cash and Cash Equivalents	18.7	17.3	18.7
Assets at Fair Value	114.2	126.7	158.1
Other Assets	1.6	2.4	2.9
Derivative Financial Assets	3.5	2.3	0.2
Total Assets	138.0	148.7	180.0
Liabilities			
Term Financing	-29.5	-35.0	-40.5
Dividend Payable	-2.1	-2.1	-4.0
Performance Fee	0.0	0.0	0.0
Other Liabilities	-0.8	-1.4	-2.4
Total Liabilities	-32.4	-38.5	-47.0
NET ASSETS	105.6	110.2	133.0



Investment Review



A rigorous approach to valuation

- The Company values each asset in the portfolio on a fair value basis¹. In a liquid market, the fair values of the assets would be determined by bid prices observed in the market
- Given illiquidity in the ABS residual market, both bid values and brokers marks have become rarer
 - Broker marks are received for 6 out of 21 of the Company's residuals
- The Company has elected to value its residuals using cash flow models, in the absence of a market bid
 - Valuation Models – The Company has cash flow models for each of the Company's residuals. Pricing assumptions, including market discount rates, prepayment rates, default rates and credit losses are revised periodically to take into account changes in actual performance and macro conditions
 - Discount rate – a 15% discount rate applied to the expected cash flows from the mortgage portfolios and a 20% discount rate applied to the expected cash flows from the SME portfolio
 - External validation – For each of the Company's residuals, except for the two CDO assets, the Company employs an external validation agent to evaluate the Company's investments and establish a range of valuations based on the degree of liquidity, credit rating, the security type and consistency amongst pricing sources
- The bond portfolio continues to be valued using market prices. The Company takes the average of two marks to determine the value of the bonds

¹For more details please refer to note 3 of the Company's 2009 Annual Report



A diversified portfolio of European loans

- The Company has a portfolio of diversified European investments:
 - Five Portuguese mortgage portfolios (classified as residuals)
 - One Italian mortgage portfolio (classified as residuals)
 - Seven UK non-conforming mortgage portfolios (classified as residuals)
 - Four small-to-medium enterprise ("SME") loan portfolios (classified as residuals)
 - Investment grade European ABS bonds
- The Company receives cash flows from the UK and European mortgage portfolios after financing costs and credit losses in the portfolios
- With respect to the SME loan portfolios, the Company receives a CDS premium in exchange for insuring against credit losses in the underlying loan portfolios
- Investment grade bonds benefit from a Libor-linked interest payment and in some cases have a return of principal on each interest payment date
- All loan portfolios are term-financed and not exposed to refinancing risk



European mortgage portfolio review

- Fourth quarter cash flow of €6.4 million compared to €2.8 million in the third quarter
- Higher than expected cash flows from the Lusitano 1 and 2 portfolios
 - These payments accounted for approximately €2.8 million of the cash flows received in the quarter
- Average default rate in the quarter was unchanged at 1.06%
- The Company has assumed a higher default rate in its cash flow forecast. However lower Euribor rates could reduce mortgage servicing costs for borrowers, thereby reducing arrears and default rates
 - Currently assuming that the average default rate in the portfolio will increase to 1.32%



European mortgage portfolio – refinancing sensitivity

- Each of the mortgage portfolios can be refinanced by the securitisation sponsor after a certain date. When the portfolios are refinanced the loss reserve that the Company has invested in the securitisation is returned
- The table below summarises the sensitivity of the net present value to different dates of refinancing of the underlying portfolios
 - Scenario 1 – Refinancing occurs when the mortgage portfolio is 10% of its original size
 - Scenario 2 – Refinancing occurs when the mortgage portfolio is 5% of its original size

	Refinancing Date		
	Current Assumption	Scenario 1	Scenario 2
Lusitano 1	15-Dec-11	15-Sep-17	15-Jun-20
Lusitano 2	15-Nov-12	15-May-20	15-May-23
Lusitano 3	16-Oct-13	16-Jan-20	16-Jan-23
Magellan 1	15-Dec-10	16-Sep-16	16-Sep-19
Magellan 2	18-Oct-10	18-Apr-17	18-Jul-20
Sestante 1	27-Jun-14	27-Jun-14	27-Dec-15
Portfolio Value €mm	64.24	66.42	60.97



SME portfolio review

- Portfolio continues to perform ahead of expectations
- Fourth quarter cash flow of €4.3 million compared with €3.4 million the previous quarter
- Actual default rates in the March quarter were lower than the Company's forecast default rates
- The current default rate forecasts anticipate further economic deterioration
- Revised March forecast default rates are on average 137% greater than the average default rate in the past twelve months

Deal	Actual Default Rate In Previous 12 months	Forecast Annual Default Rate (December 2008 assumptions)	Forecast Annual Default Rate (March 2009 assumptions)
Amstel 06-1	0.30%	0.60%	0.60%
Smart 06-1	0.80%	2.00%	2.00%
Gate 06-1	0.49%	1.04%	1.05%
Gate 05-2	1.75%	2.50%	4.30%
Average	0.84%	1.54%	1.99%



UK mortgage investments – portfolio review

- Cash flow in the fourth quarter stood at £1.3 million compared with £1.3 million in the previous quarter, ahead of expectations
- Following write-downs in the quarter, the UK mortgage portfolio is valued at €3.7 million
- Alba 05-1, Alba 06-1, Eurosail 06-1 and Newgate mortgage portfolios are now valued at zero. There remains little likelihood of recovery in these mortgage portfolios
- The Company has persuaded mortgage originators to repurchase some loans that did not satisfy representations and warranties provided at the time of the securitisation
 - In the March quarter, the Company received approximately £0.7 million from mortgage originators
- The Company will continue to review the quality of its mortgage loans



Investment grade bond portfolio

- As at 31 March 2009, the Company had spent €7.4 million on bond investments, and a total of €8.8 million up to 31 May 2009. The average purchase price was €0.45 of the notional value of the bond
- Weighted average rating of the portfolio (based on invested amount) is approximately A-

Percentage of Portfolio by Value

Rating by Vintage ¹	2003	2004	2005	2006	2007	Total
AAA	4.50%	12.20%	18.01%		1.12%	35.83%
AA		4.58%		23.76%		28.34%
A				14.95%		14.95%
BBB			12.90%		7.98%	20.89%
Total	4.50%	16.77%	30.91%	38.70%	9.11%	100.00%

Percentage of Portfolio by Value

Rating by Type	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	3.45%	12.58%	2.47%	9.35%			7.97%	35.83%
AA		23.76%			4.58%			28.34%
A			11.57%			3.37%		14.95%
BBB	12.90%					7.98%		20.89%
Total	16.36%	36.34%	14.04%	9.35%	4.58%	11.36%	7.97%	100.00%

- Vintage reflects the issue date of the bond
- Residential Mortgage Backed Securities
- Commercial Mortgage Backed Securities

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Financial review – Fair value changes

- For each asset class, the table below shows the change in fair values from 31 December 2008 to 31 March 2009. Fair value changes reflect both the natural amortisation of the asset due to principal receipts as well as fair value write-downs in the quarter
- Fair value changes totalled €14 million between the December and March quarters. The fair value changes are divided between returns of principal, fair value write-downs of the residual investment portfolio and the bond portfolio. With respect to the above, the Company received €7.8 million of principal from the investment portfolio, recorded €5.2 million of fair value write-downs against the residuals, and recorded €1.0 million of fair value losses on the bond portfolio

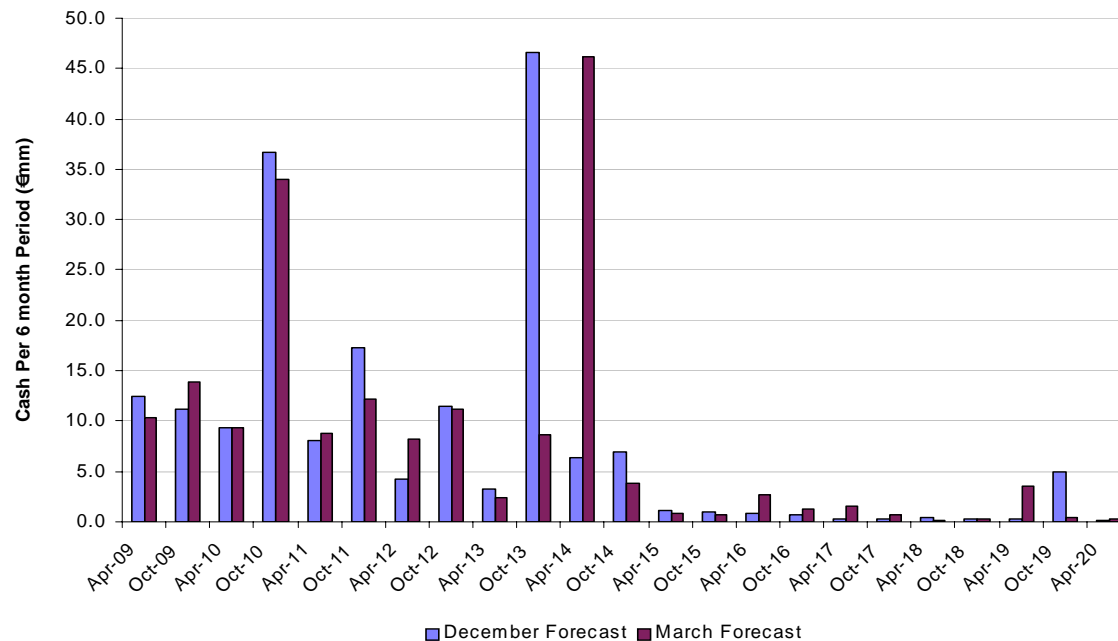
Asset Class	31 December 2008 Fair Value ^{1,2} (€mm)	31 March 2009 Fair Value ² (€mm)	Fair Value Change Since 31 December 2008 (€mm)	Cash flows Received in the Quarter Ended 31 December 2008 ³ (€mm)	Cash flows Received in the Quarter Ended 31 March 2009 (€mm)
UK Mortgages	6.3	3.7	-2.6	1.4	1.4
Euro Mortgages	67.4	64.2	-3.2	2.8	6.4
SME	42.9	36.4	-6.5	3.4	4.3
CDO	0.7	0.0	-0.7	0.2	-
US Mortgages	0.0	0.0	0.0	0.0	0.0
Investment Grade Bonds	6.2	5.3	-1.0	0.3	0.3
TOTAL⁴	123.6	109.6	-14.0	8.2	12.4

- Fair values as at 31 December 2008 are expressed using 31 March 2009 F/X rates.
- The fair value figures for 31 December 2008 and 31 March 2009 include accrued interest.
- Cash flows for 31 December 2008 are expressed using 31 March 2009 F/X rates.
- The values for each column may not sum to the total due to rounding differences.



Expected cash flow profile of the Company's investment portfolio

Expected Cash Flow Profile from the Investment Portfolio Per 6 Month Period



1. Cash flows reflect both interest and principal repayments from the Company's residual and investment grade bond portfolio.
2. Cash flows for the 31 October 2010 period assume repurchase of the Magellan 1 and Magellan 2 portfolio by BCP.

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- Total loss adjusted cash flow forecasts as at 31 March 2009: €185.2 million
 - Total cash flow forecasts as at 31 December 2008: €200.7 million
- Total forecasted cash flows have dropped in line with the cash flows received in the period
- Revised loss adjusted cash flow forecast uses conservative assumptions to reflect impact of further economic deterioration on the European and SME portfolios
- The Company's market capitalisation is approximately €47 million



Company outlook

- QWIL to continue its strategy of improving financial stability
- The Company will continue to repay its financing facility while selectively taking advantage of investment opportunities in the ABS markets
- The Company expects cash balances to remain strong and in excess of €13 million as at 30 June 2009
- The Company's total loss adjusted cash flow forecast of €185 million is based on default rates that take into account a further weakening in the European mortgage and SME portfolios
- The Company's capital structure, cash flow profile and low level of leverage make it well suited to take advantage of the current market dislocations



Appendix 1 – Summary of facility schedules

Target Loan Amount

Date	Target Loan Amount ¹
31 December 2008	35,000,000
31 March 2009	33,000,000
30 June 2009	31,000,000
30 September 2009	28,500,000
31 December 2009	27,000,000
31 March 2010	25,000,000
30 June 2010	12,000,000
30 September 2010	10,000,000
31 December 2010	0
31 March 2011	0

1. The target loan amount prior to 30 June 2010 will reduce by €11 million when Magellan 1 is refinanced

Applicable Percentage Schedule

Date	Before Magellan 1 is refinanced	After Magellan 1 is refinanced
Residual Investments	30% until Sept 2009 27.5% until Dec 2009 20% thereafter	25% until Dec 2009 20% thereafter
ABS AA or above	50%	50%
ABS A or above	40%	40%
ABS BBB or above	30%	30%
ABS BB or above	15%	15%

The Applicable Percentage for all assets will be 10% after March 2011