



Queen's Walk Investment Limited

Results Presentation – Quarter Ended 31 December 2009

11 March 2010



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Strong cash flow underpinning Queen's Walk's solid performance and financial stability

- Third quarter cash flows higher than expected at €8.3 million
 - Forecast was €5.0 million
- Repaid €13.4 million of debt since 30 September 2009
 - Debt levels down from €22.0 million to €8.6 million
- Made new investments in asset-backed securities (ABS)
- NAV lower due to higher default rate forecasts in the European mortgage portfolio
- Quarterly dividend held at 8 cents per share



Third quarter financial review: Positive earnings and high cash proceeds

- Net profit of €0.6 million versus a net profit of €3.6 million for quarter ended 30 September 2009
- Total fair value losses of €2.4 million compared to gains of €0.6 million in the previous quarter
 - Fair value loss on investment portfolio of €0.8 million, compared to increase of €0.9 million in the previous quarter
 - Fair value losses of €1.6 million in hedge positions (FX, interest rate and HPI) versus a loss of €0.3 million in previous quarter
- Total cash proceeds of €8.3 million (forecast of €5.0 million); up from €6.5 million in previous quarter
 - €1.2 million received from hedge on UK house prices
 - €0.5 million one off payment in bond portfolio
- Cash balances of €13.7 million at 31 December 2009 down from €14.8 million as at 30 September 2009
- NAV at 31 December 2009 was €3.69 per share versus €3.75 per share as at 30 September 2009
- Dividend of €0.08 per share for the quarter
 - Equates to dividend yield of 14.2% on the share price as at 10 March 2010



Significant 2010 events demonstrate continuation of successful investment strategy

Since 31 December 2009 QWIL has:

- Realised gains on AAA-rated bonds
 - Company sold €3.4 million (face value) of AAA-rated RMBS bonds in January 2010
 - Average sale price of 92.4 cents versus average purchase price of 74.2 cents
 - Recorded annualised return on the investment of 28.2%
- Continued to source attractive opportunities in ABS bonds
 - €2.1 million invested in the period to 1 March 2010 (additional to the €1.9 million during the quarter ended 31 December 2009)
 - As at 1 March 2010, the Investment Grade bond portfolio had a cost value of €10.6¹ million and a face value of €24.2 million
- Sold Portuguese mortgage portfolio on 26 February 2010
 - Sold the Magellan 2 portfolio to BCP, the originator of the mortgages
 - Sale price in-line with Company valuations

¹ Euro equivalent bond values are calculated using FX rates at the time of purchase. Net of asset sales in the period.

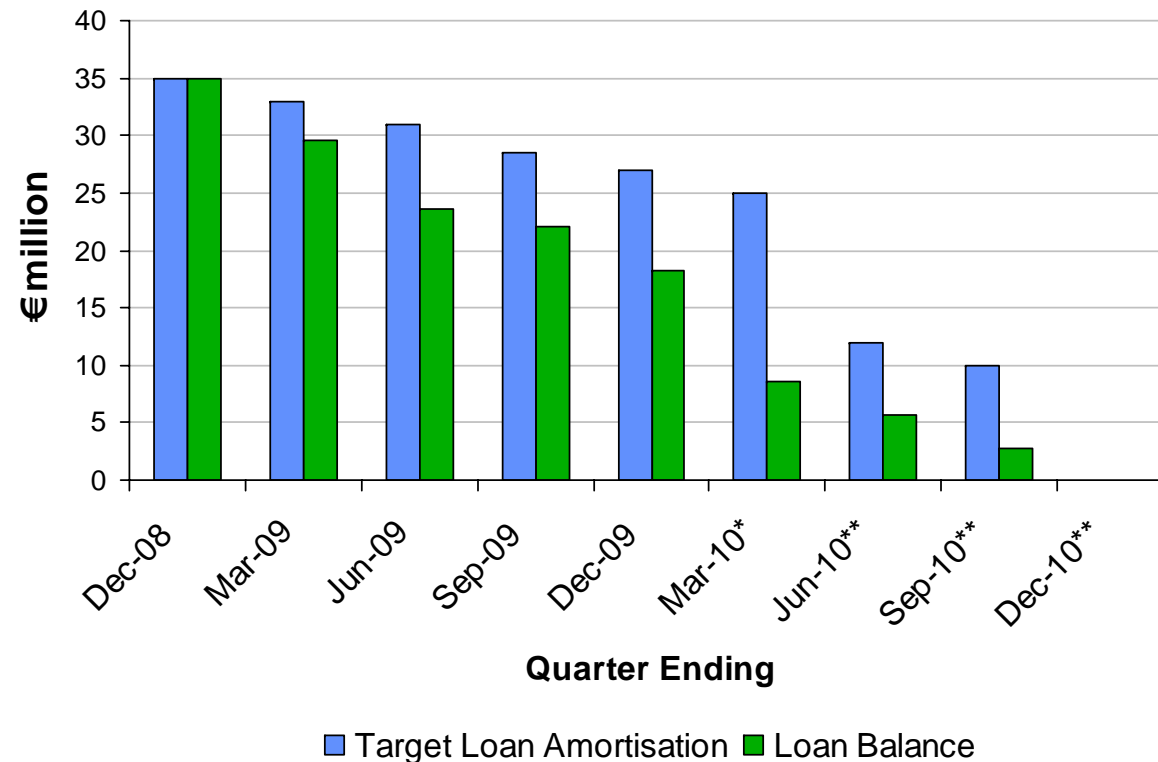


Debt repayment ahead of schedule

- Queen's Walk has repaid €13.4 million of debt since 30 September 2009
 - €8.6 million of outstanding debt as at 1 March 2010, down from €22.0 million on 30 September 2009
- The Company forecasts debt to fall to approximately €5.0 million following the March 2010 quarter
- The Company had agreed with its lenders to reduce outstanding loan amount to €10 million by 30 September 2010
- Gross debt has fallen from €35 million at the end of 31 December 2008



On course to repay debt by end of 2010



* Loan Balance as at 1 March 2010

** Forecast Loan Balance based on debt repayment of €2.9 million per quarter



Third quarter financial highlights – Income statement

Income Statement (Euro millions)	31 Dec 2009	30 Sep 2009	30 Jun 2009
Operating income	4.1	4.1	4.1
Operating expenses			
Finance costs	-0.1	-0.2	-0.2
Other operating expenses	-1.0	-1.0	-1.0
Total operating expenses	-1.1	-1.1	-1.2
Net operating income	3.0	3.0	3.0
Realised and unrealised gains and loss on investment portfolio	-0.8	0.9	-4.9
Net gains/losses on investments at fair value through interest rate swaps, foreign currency and options	-1.6	-0.3	-3.1
Total asset value adjustments	-2.4	0.6	-8.0
Net loss/profit	0.6	3.6	-5.0

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



Third quarter financial highlights – Balance sheet

Balance Sheet (Euro millions)	31 Dec 2009	30 Sep 2009	30 Jun 2009
Assets			
Cash and Cash Equivalents	13.7	14.8	13.3
Assets at Fair Value	101.6	103.3	103.8
Other Assets	1.6	1.6	1.7
Derivative Financial Assets	3.0	6.0	6.1
Total Assets	120.0	125.8	124.9
Liabilities			
Term Financing	-18.3	-22.0	-23.6
Dividend Payable	-2.1	-2.1	-2.1
Performance Fee	0.0	0.0	0.0
Other Liabilities	-1.1	-1.7	-0.8
Total Liabilities	-21.6	-25.8	-26.4
NET ASSETS	98.4	99.9	98.4

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



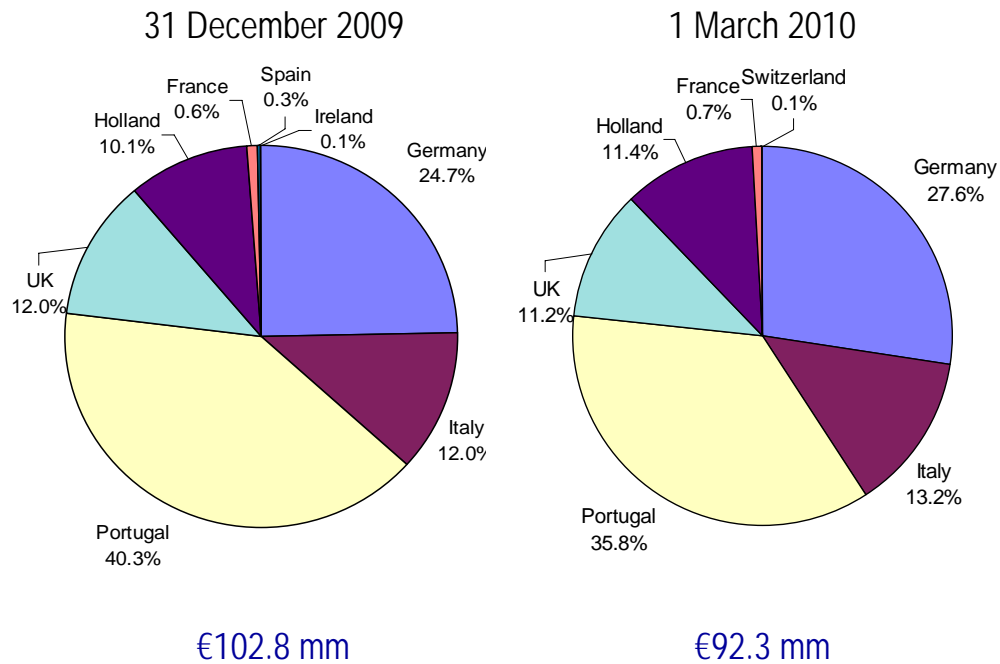
Pro-forma Balance Sheet – 1 March 2010

Balance Sheet (Euro millions)	1 March 2010 (unaudited)	31 Dec 2009	30 Sep 2009
Assets			
Cash and Cash Equivalents	16.2	13.7	14.8
Assets at Fair Value	91.1	101.6	103.3
Other Assets	1.5	1.6	1.6
Derivative Financial Assets	2.8	3.0	6.0
Total Assets	111.6	120.0	125.8
Liabilities			
Term Financing	-8.6	-18.3	-22.0
Dividend Payable	-2.1	-2.1	-2.1
Performance Fee	0.0	0.0	0.0
Other Liabilities	-1.1	-1.1	-1.7
Total Liabilities	-11.9	-21.6	-25.8
NET ASSETS	99.7	98.4	99.9
NAV per Share (Euro)	3.74	3.69	3.75

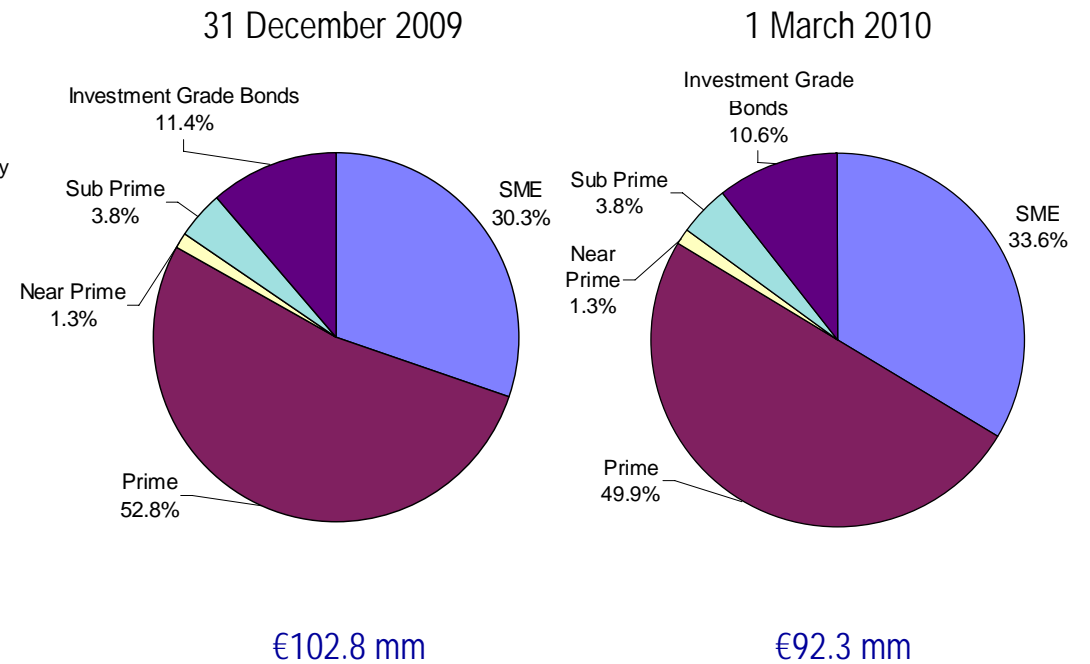


Pro-forma Portfolio Composition – 1 March 2010

Portfolio Composition by Jurisdiction*



Portfolio Composition by Asset Type*



* By reference to underlying asset jurisdiction and collateral. Figures stated as a percentage of the fair value of the Company's investments including accrued interest. Figures for 1 March 2010 are unaudited.



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 would be determined by bid prices observed in the market
- Illiquidity in the ABS residual market means both bid values and brokers marks have become rarer
- 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



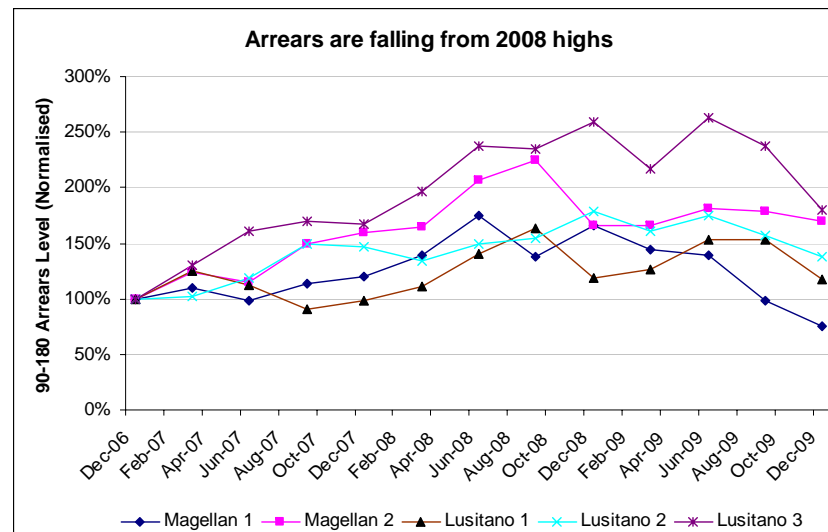
A diversified portfolio of European loans

- The Company has a portfolio of diversified European investments:
 - Five Portuguese mortgage portfolios (classified as residuals) (as at 31 December 2009)
 - 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)
 - European Asset-Backed Securities ("ABS")
- The Company receives cash flows from the UK and European mortgage portfolios after financing costs of the securitised debt and credit losses in the portfolios
- Securitised debt matches the maturity of mortgage loans so there is no refinancing risk
- 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



European mortgage portfolio: Cash flows stable; arrears falling

- Third quarter cash flow of €2.6 million compared to €2.5 million in the previous quarter
- Quarterly cash flows in line with historic cash flow rate; ahead of forecast of €1.5 million
- Early signs of stabilisation as arrears start to fall
- QWIL expects default rates to continue rising in short term before falling in medium term





European mortgage portfolio: Taking a conservative approach to modelling default rates

- QWIL predicts a lag between falling arrears rates and falling default rates
- The Company has accordingly increased its forecast default rate assumptions in its Sestante 1, and Lusitano 1 portfolios
- Sestante 1 default rate has moved substantially higher due to operational challenges at the mortgage servicer

Asset	Actual Def Rate Jun – Sept 2009 Period	Actual Def Rate Oct - Dec 2009 Period
Lusitano 1	1.33%	1.51%
Lusitano 2	0.64%	0.87%
Lusitano 3	1.61%	2.15%
Magellan 1	1.71%	0.96%
Magellan 2	1.78%	1.98%
Sestante 1	2.41%	4.40%
Average	1.37%	1.98%

- Fair value write-downs of €2.9 million in the quarter
 - Sestante 1 write-down of €1.7 million in the quarter



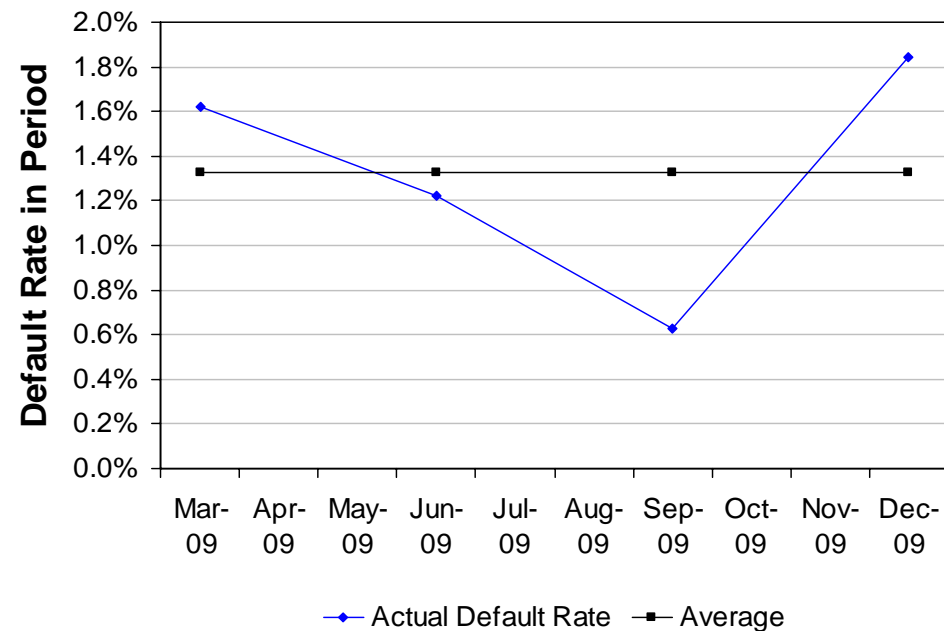
Risk on Portuguese assets – unemployment is key

- Increasing concerns around Portuguese sovereign risk
 - CDS spreads increased to +155bps as at 1 March 2010 up from +52bps as at 30 September 2009
- With mortgages tied to Euribor, mortgage affordability is unaffected by higher Portuguese credit spreads
- Key risk to Company investment remains ability to repay mortgages; higher unemployment is main threat
 - Unemployment forecasts have risen from 10% for 2010 to 10.5%
- QWIL has lowered exposure to Portugal following sale of Magellan 2



SME portfolio review: Cash flow steady, but cautious on outlook

- Third quarter cash flow of €1.8 million compared with €1.9 million the previous quarter
- Default rates remain volatile
- Actual default rates of 1.84% in the December quarter in line with expectations but up from 0.63% in September





SME Portfolio Review – Default rate assumptions revised upwards in quarter

- Gate 05-2 produced the highest rise in default rates
 - Gate 05-2's default rate increased to 5.71% from 0.55% in the prior quarter
 - Small number of loans previously identified as being in arrears finally defaulted.
- Increased default rate forecasts to anticipate further economic deterioration
 - 1.86% default rate forecast in September 2009
 - 1.94% default rate forecast in December 2010

	September 2009 Default Rate (annualised)	December 2009 Actual Default Rate (annualised)	Updated Default Rate Forecast as at 31 December 2009
Amstel 06-1	0.00%	0.25%	0.60%
Smart 06-1	1.13%	1.33%	2.00%
Gate 06-1	0.83%	0.06%	1.15%
Gate 05-2	0.55%	5.71%	4.00%
Average	0.63%	1.84%	1.94%



Investment grade bond portfolio: Further investments and solid returns

- Recorded cash flows of €0.8 million in the quarter ended 31 December 2009, up from €0.3 million in the previous quarter
- As at 31 December 2009, the Company had spent €13.3 million on bond investments, and a further €2.1 million up to 1 March 2010
- Annualised cash-on-cash yield of for quarter 28% (approx)
- In January 2010, sold 11 AAA RMBS bonds at 92.4 cents versus a purchase price of 74.2 cents. Realised proceeds of €3.4 million

Percentage of Portfolio by Cost (as at 1 March 2010)

Rating ¹ by Vintage ²	2003	2004	2005	2006	2007	Total
AAA	0.00%	0.00%	0.00%	11.66%	0.00%	11.66%
AA	0.00%	2.15%	0.00%	19.57%	0.00%	21.72%
A	0.00%	0.00%	5.92%	17.11%	9.22%	32.25%
BBB	0.00%	0.00%	7.58%	15.78%	11.01%	34.37%
Total	0.00%	2.15%	13.50%	64.12%	20.23%	100.00%

Percentage of Portfolio by Cost (as at 1 March 2010)

Rating ¹ by Type	UK Prime RMBS ³	UK Buy To Let RMBS ³	UK Non-Conforming RMBS ³	UK CMBS ⁴	Euro CMBS ⁴	SME	Total
AAA	0.00%	0.00%	0.00%	6.87%	4.79%	0.00%	11.66%
AA	2.15%	19.57%	0.00%	0.00%	0.00%	0.00%	21.72%
A	0.00%	0.00%	2.93%	6.61%	22.71%	0.00%	32.25%
BBB	7.58%	0.00%	9.53%	0.00%	10.44%	6.81%	34.37%
Total	9.73%	19.57%	12.46%	13.48%	37.95%	6.81%	100.00%

1. Rating at time of purchase

2. Vintage reflects the issue date of the bond. Weighted average rating of the portfolio (based on invested amount) is approximately BBB. Calculated using Moody's WARF (weighted average risk factor) approach

3. Residential Mortgage Backed Securities

4. Commercial Mortgage Backed Securities

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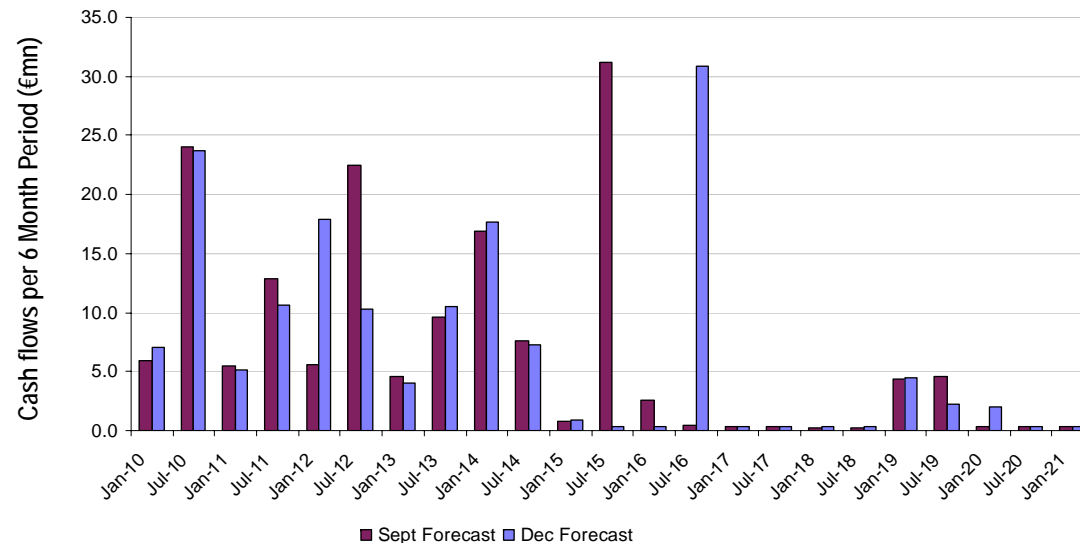
UK mortgage portfolio: Recovering value as defaults fall

- Quarterly cash flow £1.2 million compared with £1.0 million in the previous quarter, ahead of expectations
- Company has increased valuation of the three RMAC assets by £1.3 million
 - Mortgage default rates better than expected
- 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
 - Recovered £475,000 from 17 loans at a total cost of £160,000



Expected cash flow profile of the Company's investment portfolio

Expected Cash Flow Profile from the Investment Portfolio Per 6 Month Period^{1,2,3}



1. Cash flows reflect both interest and principal repayments from the Company's residual and investment grade bond portfolio.
2. Cash flows for the July to December 2010 period assumes repurchase of the Magellan 1 portfolio by BCP.
3. Cash flows take into account sale of AAA bonds, new bond purchases and sale of Magellan 2 portfolio.

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- Total loss adjusted cash flow forecasts as at 1 March 2010: €160.5 million
 - Cash flow forecast (on a like for like basis) as at 30 September 2009: €164.4 million
- Forecast revised downwards after sale of bonds and Magellan 2 portfolio and lowered expected cash flows
- Taking into account debt and cash on balance sheet, Net Lifetime Cash Value of €168.0 down from €169.4 million as at 30 September 2009
- The Company's market capitalisation is approximately €60 million

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Company outlook: Reasons for optimism and caution

- Successful bond strategy has enabled QWIL to report a positive quarter
- Continuing to selectively purchase mis-priced bonds in the ABS markets
 - New opportunities appearing in 2010
- On course to reduce outstanding debt to approximately €5.0 million following the March quarter end
- Caution about market conditions - asset valuations assume weakening in underlying loan performance
 - Total loss adjusted gross cash flow forecast of €160.5 million
- Objective to provide investors a steady dividend while re-building NAV through selective asset purchases



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