



ANNUAL UNITHOLDER MEETING
22 NOVEMBER 2010

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CHAIRMAN | ROBERT MORRIS

CHAIRMAN'S ADDRESS

UNITHOLDER QUESTIONS

- What is the current RiverCity business position?
- What action is the Board taking?
- Is there a future for my equity?
- Why are traffic volumes so far short of original traffic forecast?
- Is the business being well run?

AGENDA

- Robert Morris – Chairman
 - Current business position
 - Standstill Arrangement with Bank Syndicate
 - Traffic update
- Flan Cleary – Chief Executive Officer
 - Report on operations
 - Business priorities
- Christine Hayward – Chief Financial Officer
 - Financial results
- Robert Morris - Chairman
 - Summary and questions

CURRENT BUSINESS POSITION

- RiverCity traffic performance has been dismal
 - Average daily trips in October 2010 just under 28,000 (30% of forecast)
 - Revenue to end October 2010 approximately 17% of forecast
- Reserves being used at \$8 - \$10m per month
- Revenue expected to cover operating costs (excluding interest payments) on 6 month rolling basis from May 2011
- Group does not anticipate meeting interest payments (now being met from reserves) beyond September 2011
- The capital position is unsustainable

SOLVENCY ISSUES

- Regulatory requirements - Directors cannot allow trading while insolvent
- For 30 June 2010 accounts, Directors assessed funds were sufficient to meet all financial obligations for 12 months
- Accounts issued on liquidation basis recognising an arrangement with banks necessary beyond that horizon
- Group has requested Bank Syndicate to implement Standstill Arrangement
- Standstill Arrangement changes interest obligation to “Pay if You Can” basis
- Bank Syndicate appointed adviser - 333 Advisory
- Without Standstill Arrangement:
 - Directors may be unable to sign-off 31 December 2010 accounts
 - Administrator and Receiver appointed
 - Unlikely to be any equity value

THE CASE FOR A STANDSTILL ARRANGEMENT

- Maximum value for the CLEM7 to occur when:
 - Tunnel more established part of road network
 - Traffic ramp-up complete
 - Airport Link tunnel opened
 - Maximum allowable toll applied
- Proposed Standstill Arrangement to 31 December 2012
- Airport Link tunnel planned opening in June 2012
- Board and management apply expertise and maintain close liaison with banks and their adviser
- Business Plan to focus on increased revenue and cost savings

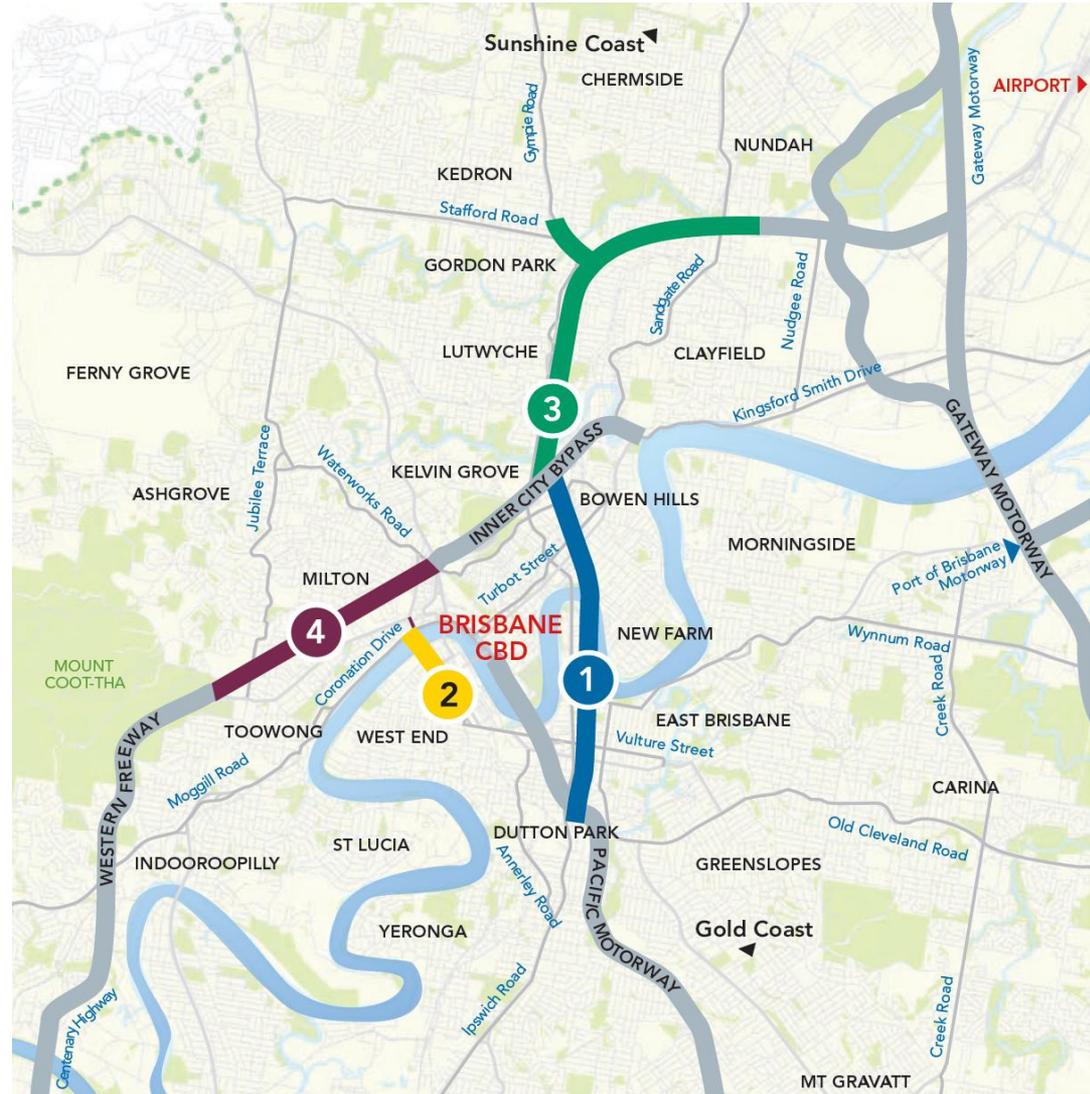
STANDSTILL ARRANGEMENT TIMETABLE

Proposed Standstill Arrangement presented to Bank Syndicate	6 October 2010
Bank Syndicate appointed 333 Advisory	25 October 2010
RiverCity Motorway briefings provided to individual banks in Syndicate	25 Oct 2010 to 9 Nov 2010
IMIS Stage 2 Traffic Forecast (Preliminary Report)	Mid-Nov 2010
Preparation of Business Plan	End-Nov 2010
333 Advisory Report to Bank Syndicate	End-Nov 2010
IMIS Traffic Forecast (Final Report)	Mid-Dec 2010
Target approval of Standstill Arrangement by Bank Syndicate	End-Dec 2010

- Standstill requires unanimous approval of 24-member Bank Syndicate
- Standstill necessary to avoid appointment of an Administrator in 2011

BRISBANE TOLL ROAD NETWORK

-  Motorway standard
-  1 Clem Jones Tunnel
-  2 Go Between Bridge
-  3 Airport Link Tunnel
-  4 Northern Link Tunnel



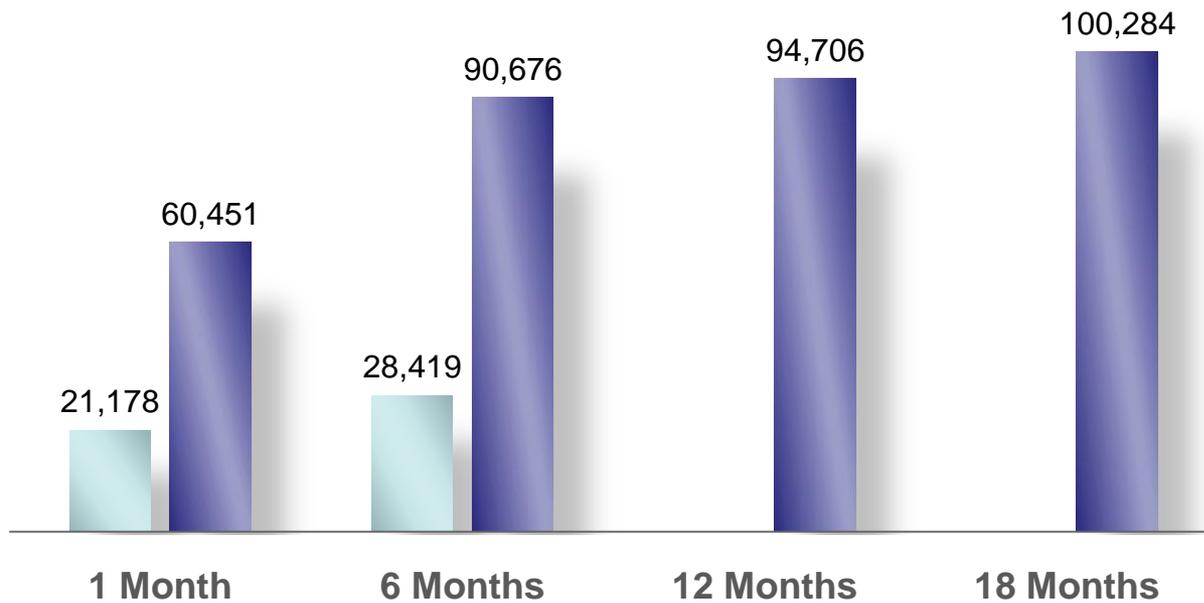
PDS TRAFFIC FORECAST

- Original traffic forecast prepared by AECOM (formerly Maunsell)
- Comprehensive forecast based on available information and data
- Traffic risks identified in Public Disclosure Statement
- Short-term traffic risks identified during construction:
 - Lack of traffic growth on river crossings
 - Airport Link construction
 - Impact of weaker economic growth on unemployment, business activity and consumer spending

ACTUAL TRAFFIC VERSUS PDS FORECAST

Average Daily Trips

Actual Forecast



FACTORS BEHIND TRAFFIC SHORTFALL - GROWTH

- Lower road traffic growth on inner city roads
 - “Flat” growth on river crossings reported last year
 - Captain Cook Bridge recorded only 0.4% pa growth, below citywide average
- Adverse economic conditions = less trips
 - Real Financial Demand for Queensland has fallen
 - Unemployment increased to above 5%
 - Fuel prices increased approximately 20% between 2005 and 2009
- Higher growth in public transport (10% in 2006 versus usual 2% to 3%)
- Some indication of less trip generation in inner city area with factors such as car park restraint and slower development
- Capacity constraints on some approach roads

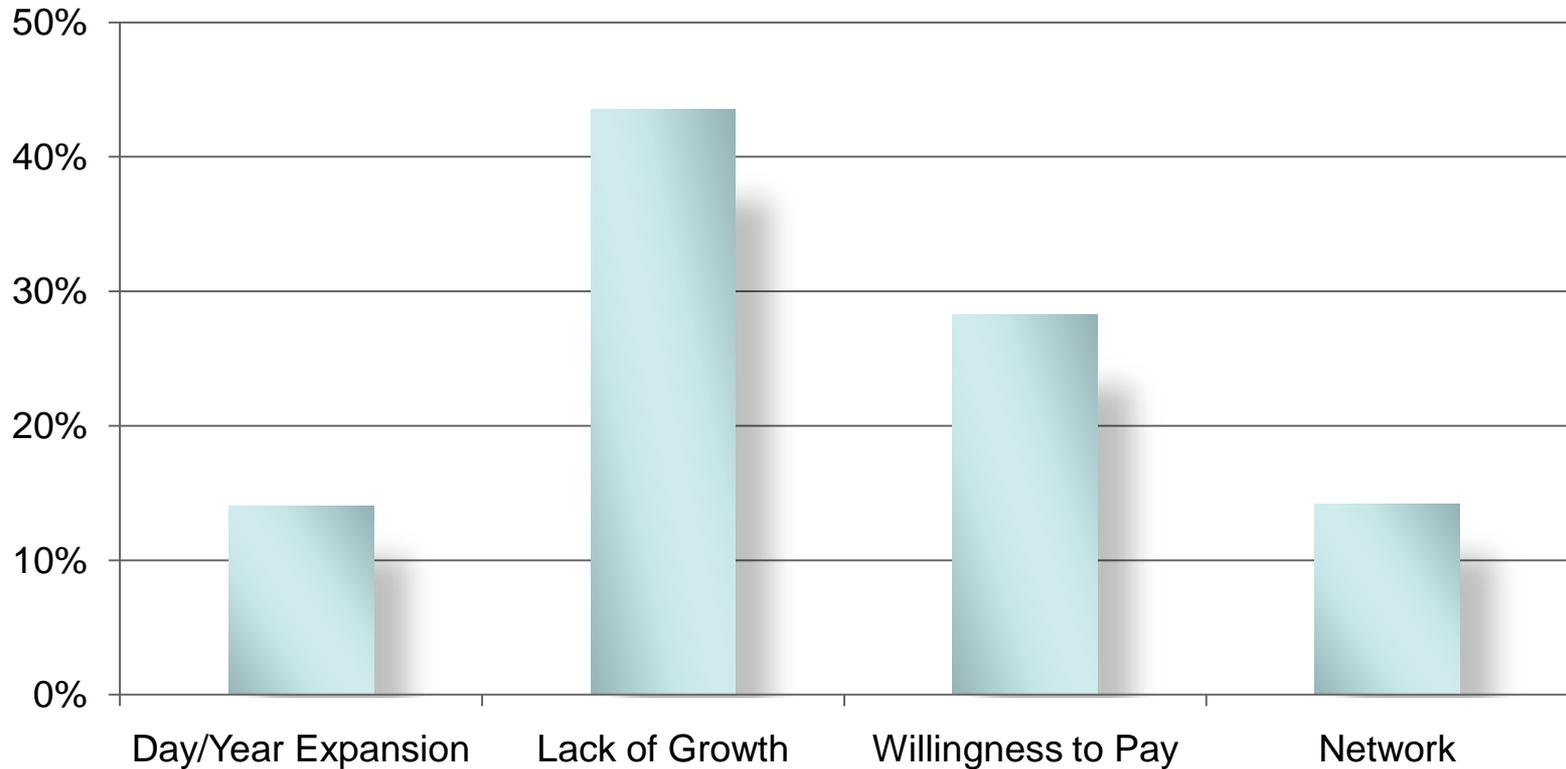
FACTORS BEHIND TRAFFIC SHORTFALL – WILLINGNESS TO PAY

- Brisbane motorists willingness to pay tolls
 - Price sensitivity to toll levels
 - Place less value on other road benefits – reliability, driving experience
 - Expect greater time savings

FURTHER FACTORS – NETWORK AND EXPANSION FACTOR

- Network differences
 - Gateway Motorway duplication assumed opening in 2011, but has effectively been opened for much of 2010
 - Hale Street (Go Between Bridge) assumed opening by 2016, but opened mid-2010
 - Allocation of lanes on Main Street and the Story Bridge for urban renewal and provision for buses and high occupancy vehicles have not occurred
- Expansion factor
 - Weekday traffic was forecast at 13.1 times the peak hour traffic, compared to 12 times the peak hour traffic with a \$2.00 car toll
 - Average daily traffic was assumed at 336 times average weekday traffic, actual average daily traffic is 323 times average weekday traffic
 - Fewer motorists travelling in non-peak periods than was forecast
 - IMIS expects non-peak trips to reduce further as tolls are increased
- Factors compound

INDICATIVE CONTRIBUTION TO TRAFFIC SHORTFALL





CHIEF EXECUTIVE OFFICER | FLAN CLEARY

REPORT ON OPERATIONS

AGENDA

- Roadside operations
- Tolling and customer service
- Marketing and promotion
- Business priorities
- Revenue and cost initiatives

ROADSIDE OPERATIONS

- Brisbane motorists have adapted quickly to driving in tunnel
- Tunnel operators and systems performing as intended
- Excellent response times to breakdowns and incidents
- Night-time closures for quarterly maintenance
- Simulated emergency exercise tested systems and procedures
- Improvements made to signposting and pavement marking

TOLLING AND CUSTOMER SERVICE

- Tolling commenced on CLEM7 in April 2010
- Initial focus ensuring the CLEM7 was easy-to-use
- Tolling services for Go Between Bridge from July 2010
- FLOW Tolling office operating well
- Focus on increasing efficiency and cost reduction

MARKETING AND PROMOTION

- 90% unprompted awareness of the CLEM7
- Advertising on television, radio, billboards, in newspapers and online
- Displays at major shopping centres throughout Brisbane
- Maps distributed directly to all households within the road corridor
- 20-page CLEM7 'magazine' inserted in The Sunday Mail newspaper
- 30-minute television special immediately prior to tunnel opening
- Charity toll day and participation in Brisbane Bike Week
- Toll-free, toll discounts and fees waived

BUSINESS PRIORITIES

- Last year we said we would focus on:
 - Traffic in 2011
 - Costs in 2012
- Times have changed
 - Immediate focus on cost reduction and revenue improvements

REVENUE INITIATIVES

- Strategy to commence charging maximum allowable tolls
- Maximum allowable tolls for calendar year 2011:
 - Cars \$4.40
 - LCVs \$6.61
 - HCVs \$11.66
 - Motorbikes \$2.20
- Commenced charging fees 1 October 2010 (e.g. image processing fee)
- Installation of billboards to provide additional revenue
- Revenue from sale of land at Kangaroo Point

COST REDUCTION INITIATIVES

- Reduce number of Directors from seven (7) to four (4)
- Reduce call centre operating hours in line with call volumes
- Improvements to back office systems and process to reduce costs
- Target cost reduction in Operations and Maintenance contract
- Marketing post-opening more targeted and lower cost



CHIEF FINANCIAL OFFICER | CHRISTINE HAYWARD

FINANCIAL RESULTS

OPERATING RESULTS

	6 Apr to 30 June 2010 \$m	1 July to 30 Sept 2010 \$m
Operating Revenue		
Toll Revenue	5.2	4.4
Fee Revenue	-	-
Interest Revenue	2.5	1.9
TOTAL	7.7	6.3
Operating Costs		
Road Operations and Maintenance	4.5	4.2
Tolling and Customer Service	2.4	2.1
Administration Expenses	4.1	2.2
TOTAL	11.0	8.5
EBITDA	(3.3)	(2.1)
Interest Payments	23.3	19.3
EBTDA	(26.6)	(21.4)
MONTHLY SHORTFALL	(8.9)	(7.1)

CASH RESERVES

As at 31 October 2010
\$m

	As at 31 October 2010 \$m
<i>Operational Cash</i>	
Discretionary cash for financing costs and operational expenditure	13.8
Ramp-up Reserve*	72.4
<i>Restricted Cash</i>	
Debt Service Reserve (only available to fund financing costs)	26.6
Local Area Traffic Management Reserve and other restricted cash#	Nil
Cash restricted for Australian Financial Services Licence, toll customer funds and working capital	6.6
TOTAL	119.4

* Use depends on traffic, the first drawdown of this reserve expected in December 2010.

\$20.2m transferred to Brisbane City Council 25 October 2010.



CHAIRMAN | ROBERT MORRIS

SUMMARY AND QUESTIONS

SUMMARY

- CLEM7 was completed ahead of time and to a high quality
- Operations and tolling have been successfully achieved
- Business facing serious financial challenges
- Bank Group agreement to Standstill Arrangement must be finalised by mid January 2011
- Traffic shortfall caused by low growth, resistance to paying tolls, network differences and shortfall in assessed expansion parameters
- Business Plan to focus on move to full tolls, revenue improvement and cost reduction
- Status of equity is precarious – Board is working with banks to maximise value for all stakeholders