

15 October 2008

A presentation to the 2nd Annual Meeting of RiverCity Motorway Group by the Chief Executive Officer, Mr Flan Cleary.

Introduction

Thank you Bob and good afternoon.

As Bob has outlined, 2008 has seen the Group build on the positive start to project delivery from last year. Most importantly, we have continued to meet the early milestones that we outlined to investors at the beginning of construction:

- We started work with site establishment and tunnel preparation in September 2006
- Roadheader tunnelling commenced in February 2007
- Our first 4,000 tonne tunnel boring machine, Matilda, was manufactured early and started work in December 2007
- This was followed by our second tunnel boring machine, Florence, which was commissioned and started in March 2008
- The mechanical and electrical fit-out of the tunnel commenced in August 2008
- Again, in line with our stated timetable, both machines achieved their target of excavating under the Brisbane River by September this year, with Florence now ahead of Matilda.

Both tunnel boring machines have now completed tunnelling below the Brisbane River. They have passed the deepest point and encountered most of the different geotechnical conditions at least once.

For investors this means a very significant construction risk is now behind us.

I want to outline the key strategies that the Group is implementing to ensure the successful delivery, commissioning, ramp-up and long-term operation of our business.

Those strategies are:

- Managing constructions risks effectively
- Developing our tolling system early
- Making sure our business systems are simple, reliable and flexible
- Keeping our operational costs low
- Tailoring our toll products to meet the needs of Brisbane motorists
- Focussing on the critical ramp up period

Managing construction risks effectively

The construction of a major road tunnel in a busy urban environment is a very challenging and complex task.

The effective management of the construction risks started during the early planning and will continue until construction is finished.

Some of the strategies that have seen construction risks reduce over the past two years include:

- Selecting an experienced and very capable construction partner in Leighton Contractors Boulderstone Hornibrook Bilfinger Berger Joint Venture
- Agreeing a fixed-price, fixed-time contract and ensuring it stays as fixed-time, fixed-price
- Tunnelling with purpose built tunnel boring machines
- Completing extensive surveys of the geology prior to tunnelling and continuing to explore ahead as the tunnel boring machines advance

As Bob has indicated, the construction progress achieved during the past 12 months has been nothing short of outstanding.

The eight roadheader tunnelling machines have excavated 3 kilometres of tunnel at Kangaroo Point and Woolloongabba and are now finishing their work. The final lining on these tunnels is well under way.

The first tunnel boring machine is expected to break through into the excavated area at Kangaroo Point in December 2008, and then both machines are scheduled to complete their 4.3-kilometre journey at Woolloongabba in mid 2009.

Above ground, construction risks have also reduced significantly, with 16 of 18 bridges substantially complete.

By the end of 2008, the remaining bridges should be complete, and the works at Ipswich Road, Pacific Motorway and Lutwyche Rd will be looking finished.

The high-tech control centre, which will house the 50 operational staff, should also be complete by then.

The focus will then be on tunnelling and the mechanical and electrical fit-out of the tunnels.

With construction of the Airport Link tunnel now under way, we are already working closely with the Queensland Government, Brisbane City Council and BrisConnections to manage the design, construction and operational issues arising.

With a fixed-price contract and construction risks reducing, the likelihood of any cost overruns associated with construction is now much lower.

The good progress to date also means that we are in a strong position to open our road ahead of the October 2010 contract completion date.

How early will that be? This is a difficult question to answer.

As I have outlined, tunnel excavation and bridge construction have gone extremely well to-date, but the mechanical and electrical fit-out of the tunnel will now be the most important phase of work.

Even as the tunnel is being constructed, a smaller tunnel is also built to carry the cables, communications, water and other services necessary for a modern tunnel.

It is the progress of this work that will most strongly influence the construction team's ability to achieve their December 2009 target.

Developing our tolling system and business operations early

Developing our tolling system and business operations early has been another key element in our strategy, and these are now over 50% complete

Design of the roadside tolling equipment is well advanced, with factory acceptance testing scheduled for November 2008.

The business requirements have been defined for the back office system and the supplier is now into the system development.

We have a single tolling point at our northern portal, so our tolling system requirements are relatively low-risk and straight forward.

Because of this, we have been able to purchase an existing system and modify it to suit our needs.

For investors, it means we have a low-risk, proven and reliable tolling system that will be delivered well ahead of time.

Not only can we avoid the pitfalls that arise when you build a new system from scratch, we can also focus on future-proofing our tolling system by building extra flexibility and capacity into the system.

This approach will allow us to tailor products to better meet the needs of Brisbane motorists during ramp-up and into the future and also provides the Group with an opportunity to reduce our transaction costs by supplying tolling services to other roads.

In August 2008, the Group selected the location for our customer service centre at Cannon Hill on Brisbane's south side. This centre will accommodate more than 70 people who will provide our call centre and back office accounting functions.

In line with our previously stated timetable, we remain on track to substantially complete our back office by the end of April 2009.

Keeping our operational costs low

The Group remains focused on ensuring our operational costs are low, making sure we automate as many functions as possible.

We are also working closely with the Queensland Government, Brisbane City Council and other toll road operators to ensure high levels of interoperability and co-operation between operators.

Tailoring our toll products to meet the needs of Brisbane motorists

Marketing and customer service remain central to the development of our future business operations.

We are continuing to monitor attitudes and awareness among Brisbane motorists.

Our research highlights increasing frustration with Brisbane's traffic congestion. It highlights high levels of awareness and positive attitudes towards our toll road.

In a good sign for our future business, 9 in 10 people we have surveyed are aware of electronic tags and a significant number said they will use a tag in the future.

Clearly, having lots of customers with electronic tags is important to any toll road.

That being said, we believe it is equally important to offer products that will encourage infrequent users. A large percentage of any tollroad traffic is infrequent travellers and they are going to be important to the Group.

To meet the needs of these and other groups, we are building the flexibility into our business systems that will enable us to vary products during ramp-up and steady-state.

Focusing on the critical ramp-up phase

Positioning ourselves for a successful ramp-up will be a key focus in 2009.

Maintaining appropriate cash reserves, maximising flexibility across our people and systems, understanding our customers and preparing to distribute electronic tags early are key elements of our strategy.

We will also appoint key personnel as our business development progresses.

In September 2008, the Group appointed a Customer Operations Manager, Teisha Petersen.

Teisha brings to the Group 20 year's experience in customer service, including 7 years in the tolling industry.

Her role will be critical as we continue establishing a customer-focused business that seeks to build loyalty and long-term satisfaction among customers by providing an outstanding level of service.

The Group is also in the process of recruiting a Marketing Manager to further support our product development.

Conclusion

In summary:

The Group remains focused on implementing the key strategies that will make us into a successful business.

We will continue to focus on managing constructions, developing our tolling system, keeping the business systems simple, keeping costs low, getting the right toll products and focussing on the ramp-up

For investors, the outstanding construction progress to-date means many of our major construction risks are now behind us and with that the likelihood of any cost overruns.

It also means that we are in a strong position to open our road ahead of our October 2010 contract completion date.

Most importantly, the Group remains confident that our future business is being built around a very robust business strategy.

I look forward to keeping investors informed of our progress as we continue building a sustainable toll road business.