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The Manager
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Allco Max Securities & Mortgage Trust (ASX: AXQ) – Update on restructure negotiations

Allco Max Securities & Mortgage Trust (MAX) advises that it has reached agreement with Societe Generale, its warehouse facility provider and beneficial holders of the majority of its medium term notes on the principal commercial terms of a restructure of its debt facilities. The key terms of the restructure are set out below.

The agreement is subject to a number of conditions precedent including obtaining all necessary waivers, consents and approvals from third parties who are not parties to the agreement. If the conditions are not satisfied, or Societe Generale forms the view that the conditions will not be satisfied by 31 March 2009, the agreement will terminate. Each party to the agreement has agreed to use reasonable endeavours to implement the restructure on the agreed terms.

The restructure is intended to address the issues that MAX has discussed in previous announcements. In particular, there is a risk that the Warehouse Notes may be repriced to a level that is not consistent with MAX's ongoing compliance with its portfolio tests and could lead to an event of default under MAX's debt programme. Furthermore, to the extent MAX was able to remedy portfolio test breaches via asset sales, based on current market conditions, MAX would be expected to realise significant losses and in turn reduce the underlying capital base of the trust. Such assets sales and/or the prospect of continued portfolio test breaches could also lead to a default under MAX's debt programme. The Board of Allco Managed Investment Funds Limited, the Responsible Entity of MAX, has concluded that, having regard to these matters, a restructure of the terms of the agreement is in the best interests of the unitholders of MAX.

The key terms of the restructure are as follows:

- The legal final maturity date of the notes held by the warehouse facility provider and other investors will be extended to 31 December 2027.
- The margin payable on the notes held by the warehouse facility provider will be 2.15%pa (which is the margin presently payable on those notes).
- The margin payable on the notes held by other investors will be increased to 0.75%pa.
- In addition, a deferred interest amount will accrue on outstanding notes at a rate of 6.0%pa (in the case of notes held by the warehouse facility provider) and 2.0%pa (in the case of notes held by other investors). The deferred interest amount is only payable following the repayment in full of the principal amount of the notes and then only to the extent MAX has excess cash flow or if the legal final maturity date or an event of default has occurred. This additional interest will be subordinated to

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all other secured amounts owed by MAX (including other interest owing on the notes) but will be paid ahead of distributions to unitholders.

- The principal amount outstanding on the notes will be repaid on a pro-rata basis during the term of the notes to the extent MAX has excess cash flow.
- MAX undertakes not to dispose of assets at less than certain specified percentages of par value, unless the approval of noteholders is obtained. In addition, subject to approvals required under the listing rules and certain other conditions, MAX undertakes to offer and effect a sale of its assets following the fifth anniversary of the restructure date.
- MAX also undertakes not to pay any distributions to MAX unitholders until all amounts owing to noteholders have been paid in full. MAX will retain the ability to pay distributions in the form of new units in accordance with its constitution.
- The portfolio tests under MAX's debt programme will be restructured such that MAX will be able to maintain compliance with the portfolio tests provided that it establishes and maintains sufficient reserves (a) to meet anticipated future shortfalls between MAX's payments and expected collections, plus (b) an amount to be agreed between MAX and its noteholders following discussions with Standard & Poor's which is intended to ensure MAX's ongoing solvency and liquidity.

In addition, under the agreement:

- Allco Managed Investment Funds Limited has agreed to use its best endeavours to effect its replacement as the responsible entity and investment manager of MAX as soon as reasonably practicable. In each case, AMIFL will endeavour to ensure the replacement is acceptable to MAX's noteholders and the replacement responsible entity will need to be appointed by MAX's unitholders.
- The warehouse facility provider has agreed not to exercise any rights to re-price any notes it holds under the terms of the warehouse facility until the earlier of the termination of the agreement or the date of satisfaction of all conditions precedent. On the date of satisfaction of all conditions precedent the warehouse facility will terminate and accordingly the re-pricing right will cease to apply.

MAX will advise the market when the final documentation for the restructure has been signed. Whilst MAX continues to engage with its stakeholders in constructive negotiations, unless and until restructuring documentation is signed, there can be no assurance that the restructure of MAX's debt facilities will be able to be concluded successfully.

Yours sincerely
Allco Managed Investment Funds Limited
as Responsible Entity for Allco Max Securities & Mortgage Trust

T. Lennox

Tom Lennox
Company Secretary

For further information please contact:
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