

## ALLCO EQUITY PARTNERS

Allco Equity Partners Limited  
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3 April 2009

The Manager  
Company Announcements  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

### **AEP ANNOUNCES PROGRAM TO MAXIMISE SHAREHOLDER VALUE**

Attached is an announcement from Allco Equity Partners Limited (ASX: AEP) for release to the market.

Yours faithfully



**David Neufeld**  
**Company Secretary**

# ASX RELEASE

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### AEP ANNOUNCES PROGRAM TO MAXIMISE SHAREHOLDER VALUE

- **\$60 million pro-rata return of capital proposed**
- **Continuation of business model for existing investments**
- **Suspension of new investment activity for the time being**
- **Shareholder vote in two years to determine future direction of the Company depending on share price performance**

The Board of Allco Equity Partners (ASX: AEP) today announced a four part program to maximise shareholder value following the completion of a rigorous strategic review to address the differential between the Company's share price and the underlying value of the Company's net assets.

The review, announced in December 2008 and conducted with the assistance of UBS, has reaffirmed the Board's view that the optimal way to maximise returns for all AEP shareholders is to continue to manage each of the Company's current investments with a view to profitable realisation over an appropriate investment timeframe. This includes the investments in IBA Health Group Limited, Signature Security Group and Baycorp.

The Board believes that, in the current economic climate, it is extremely unlikely that returns for all shareholders would be maximised by realising the investments in the short term compared with a strategy of realisation over a medium term timeframe.

#### Further initiatives

The Board of AEP also announced the following initiatives arising from the strategic review.

#### **1 New investment activity to be suspended**

The directors have decided that, in the current economic climate, AEP will not make any new investments prior to the possible shareholder vote detailed below, other than to meet already committed obligations or to invest in value enhancing bolt-on opportunities for the current investments.

#### **2 Proposed return of excess cash to shareholders**

Consistent with that decision, the directors propose returning to shareholders cash funds identified as surplus to requirements. This is expected to occur in the following manner:

Subject to shareholder and Australian Taxation Office (ATO) approval, AEP will distribute its current surplus cash to shareholders by way of a pro-rata capital return. As at 31 March

2009, AEP had cash on deposit of approximately \$95 million or \$1.03 per share.<sup>1</sup> Approximately \$35 million will be retained to meet working capital requirements, to support existing investments, including capital commitments to those investments and to take advantage of value-enhancing bolt-on acquisitions for those investments. The balance of AEP's cash, being \$60 million (\$0.65 per share), will be returned to shareholders.

Subject to approval of the proposed capital return by the ATO, AEP shareholders will be asked to approve the capital return, at a shareholder meeting anticipated to be convened in June 2009. If shareholders approve the capital return, AEP expects to be in a position to return the cash within 10 business days of that approval being obtained. Full details will be provided in the Notice of Meeting to be despatched to shareholders.

Further returns will be made over time as investments are realised, with the Board retaining its current intention to return 100% of realised after tax net profits to shareholders in a timely manner. As stated above, each of the existing investments is expected to be realised over an investment horizon appropriate for that investment. In the absence of unforeseen circumstances, AEP expects these realisations to be completed by the end of 2013.

### **3 Shareholder vote on future direction of the company depending on share price performance**

AEP shareholders will be given the opportunity to vote on the future direction of AEP should the differential between the Company's share price and the underlying value of the Company's net assets persist.

Subject to AEP continuing to trade at a discount<sup>2</sup> to net asset value of more than 15% in 2 years time, an Extraordinary General Meeting of Shareholders will be convened to consider whether to continue with the current business strategy of AEP or to realise the remaining investments and distribute the available cash reserves.

Such a distribution alternative would involve a decision to pursue an orderly realisation of AEP's assets and the distribution of net after tax proceeds (net of costs and other liabilities and obligations) to shareholders. The optimal timeframe for any such realisation would be determined at the time of the shareholder meeting based on the prevailing circumstances. The company would not necessarily be wound up.

If shareholders do not resolve at the proposed shareholder meeting to realise investments and distribute cash reserves, AEP would revert to its strategy of providing shareholders with the opportunity to access potentially attractive private equity transactions and activist public market situations through an ASX-listed security.

In the event that AEP realises all of its current investments within the next 2 years, the directors will convene an Extraordinary General Meeting at an earlier time than envisaged above.

AEP's Chairman, Mr Ian Tsicalas said: "We remain confident that the optimal way to maximise value for all AEP shareholders is to realise each of AEP's investments over the medium term. It is extremely unlikely that the value would be maximised by selling assets in the short term given the stage of development of each of the investments and the current economic climate."

"The Board believes the strategy announced today is the most effective way to maximise returns for all current AEP shareholders. It provides the shareholders with a significant cash return in the short term and, in the medium term, the opportunity to realise appropriate value for the underlying assets."

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<sup>1</sup> Includes the cash proceeds received in March 2009 from the repayment by IBA Health Group Limited of the subordinated loan (net of AEP's participation in the IBA entitlements offer).

<sup>2</sup> The discount will be determined by reference to the volume-weighted average price of AEP shares for the three months prior to the date of the notice of meeting and the average stated net asset value during this period.

<sup>3</sup> Share price as at close of trading on 2 April 2009

AEP has previously reported unaudited net assets as at 28 February 2009 of approximately \$539 million (\$5.86 per share) based on carrying values at that date. On a mark-to-market basis for listed securities (including the IBA shares and convertible notes) the net assets represented \$4.51 per share. AEP shares are currently trading at a price of \$1.95 per share<sup>3</sup>.

### **Change of company name**

The directors have proposed changing the name of the company to Oceania Capital Partners Limited, subject to the approval of shareholders. Shareholders will be asked to approve this proposal at the meeting anticipated to be convened in June 2009.

### **Court proceedings**

AEP's appeal against the decision of the NSW Supreme Court that the notice of termination of the Management Agreement was not valid is continuing and has been scheduled to be heard on 27 July 2009.

### **ENDS**

#### *Further Information*

#### *Investors:*

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