

14 January 2014

**MAX TRUST ARSN 115 268 660
ASX ANNOUNCEMENT – MARKET UPDATE**

On 14 January 2013, The Trust Company (RE Services) Limited (**The Trust Company**) in its capacity as responsible entity for the Max Trust (**Max**) received a request from 2 of its members associated with Alceon Group Pty Limited, namely Rotarn Pty Limited as trustee for the Rotarn Operating Trust and Riply Pty Limited as trustee for the Riply Trading Trust (**Requisitioning Members**) to hold a general meeting of members to consider resolutions to replace The Trust Company with One Managed Investment Funds Limited (AFSL 297042) as the responsible entity of Max. The request forms part of a proposal by the Requisitioning Members to re-capitalise and re-launch Max as a dedicated mezzanine investment vehicle managed by a wholly owned special purpose subsidiary of Alceon Group Pty Limited.

The Requisitioning Members made the request pursuant to Section 252B of the Corporations Act (**Act**) on the basis that they hold more than 5% of the votes that may be cast on each of the resolutions.

A copy of the request signed by the Requisitioning Members is attached. The request itself attaches a draft statement prepared by the Requisitioning Members that explains their reasons for the proposed resolutions. The information contained in the attached documents has not been independently verified by The Trust Company. The Trust Company does not make any representation or warranty (express or implied) as to the accuracy or completeness of that information.

The Trust Company is considering the request and will update the market as appropriate.

Further information

For further information please contact Rupert Smoker or David Lom on 02 8295 8100 or Computershare on 1300 738 983.

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**THE
TRUST
COMPANY**

The Trust Company
(RE Services) Limited
ABN 45 003 278 831
AFSL 235150

14 January 2014

Mr R Smoker
Head of RE Services
The Trust Company (RE Services) Limited
Level 15, 20 Bond Street
Sydney NSW 2000

Delivered by hand

Dear Rupert

Max Trust (ASX Code: MXQ)

Alceon Group Pty Limited (**Alceon**) has developed a proposal (**Proposal**) for the Max Trust ARSN 115 268 669 (**MXQ**) to be relaunched as a dedicated mezzanine and hybrid capital investment vehicle that will be managed by a wholly owned special purpose subsidiary of Alceon.

I confirm that:

- Rotarn Pty Limited ACN 122 364 747 as trustee for the Rotarn Operating Trust (Rotarn), a wholly owned subsidiary of Alceon, is the registered holder of 6,109,108 units in MXQ; and
- Riply Pty Limited ACN 122 364 710 as trustee for the Riply Trading Trust (Riply), an associate of Alceon, is the registered holder of 11,000,000 units in MXQ.

The combined unitholding of Rotarn and Riply (together **Alceon Associates**) represents 9.7% of all MXQ units on issue. As a result, and in accordance with section 252B and section 601FM of the Corporations Act 2001 (**Act**) and clause 14.1(b)(2) of the constitution of MXQ (**Constitution**), the Alceon Associates hereby request that The Trust Company (RE Services) Limited (**RE**) convenes a meeting of unitholders of MXQ (**Meeting**) to consider and vote upon each of the following resolutions:

*“That in accordance with the provisions of section 601FM of the Corporations Act 2001 and clause 14.1(b)(2) of the constitution of the Max Trust ARSN 115 268 669 (**MXQ**), The Trust Company (RE Services) Limited be removed as the responsible entity of MXQ, subject to and effective immediately upon the approval of the Second Resolution.”*

(First Resolution), and

*“That, subject to the approval of the First Resolution immediately above, and in accordance with the provisions of section 601FM of the Corporations Act 2001 and clause 14.1(b)(2) of the constitution of the Max Trust ARSN 115 268 669 (**MXQ**), One Managed Investment Funds Limited (AFSL 297042) be appointed as the responsible entity of MXQ, effective immediately after the approval of this Resolution.”*

(Second Resolution).

In addition, we attach a statement by the Alceon Associates (**Statement of Proposal**) that we ask be appended to the ASX Announcement as well as be distributed to all unitholders of MXQ (**Unitholders**) at the same time as the notice of the Meeting is distributed in accordance with the provisions of sections 252B(7) and (8) of the Act.

Please feel free to contact me if you want to discuss any aspect of this requisition or the Statement of Proposal.

Yours sincerely



Trevor Loewensohn

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Director
Rotarn Pty Limited as trustee for the Rotarn Operating Trust



Trevor Loewensohn

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Director
Riply Pty Limited as trustee for the Riply Trading Trust

STATEMENT OF PROPOSAL
for the
RELAUNCH OF THE MAX TRUST (ASX CODE: MXQ)

14 January 2014

Dear Unitholder

As you may be aware, Rotarn Pty Limited (**Rotarn**) and Riply Pty Limited (**Riply**), which together hold approximately 9.7% of all units in MXQ, have requisitioned the current responsible entity of MXQ, The Trust Company (RE Services) Limited (**Current RE**) to convene a meeting (**First Meeting**) of all the unitholders of MXQ (**Unitholders**) for the purpose of the Unitholders considering and voting upon the following resolutions:

- (a) the removal of the Current RE as the responsible entity of MXQ (**Removal**); and
- (b) assuming that Unitholders approve the Removal, the immediate appointment of One Managed Investment Funds Limited (AFSL 297042) (**New RE**) as the responsible entity of MXQ,

(collectively **First Meeting Resolutions**).

Rotarn is an entity that is a wholly owned subsidiary, and otherwise under the control, of Alceon Group Pty Limited (**Alceon**) and Riply is an associate of Alceon. Rotarn and Riply are hereafter referred to as the **Alceon Associates**. New RE is independent of Alceon and the Alceon Associates.

A. Proposal

The Alceon Associates propose that MXQ be relaunched as a dedicated mezzanine and hybrid capital investment vehicle that will be managed by Alceon Funds Management Pty Limited (**New Investment Manager**), a wholly owned special purpose subsidiary of Alceon (**Proposal**).

Alceon has prepared a presentation (**Investor Presentation**) which, amongst other things, provides a summary of the Proposal, including the Capital Raising, the investment strategy and governance framework proposed for the relaunched vehicle and Alceon's investment track record. A copy of the Investor Presentation can be accessed on the Alceon website at www.alceon.com.au.

The Alceon Associates wish to make it clear that all Unitholders will have the right to receive their respective Cash Distribution (as defined below) under the Proposal. In addition, they will have the opportunity, if they so elect, to apply some or all of their Cash Distribution to subscribe for Units to be issued as part of the Capital Raising, as described more fully in the following sections.

B. Rejection of First Meeting Resolutions

If both the First Meeting Resolutions are not passed at the First Meeting, it is the Alceon Associates' expectation that:

- 1. the Proposal will not be pursued or effected;
- 2. the Current RE will, after the close of the First Meeting, distribute to all Unitholders on the Unitholder register of MXQ at the applicable record date, their respective pro rata share of the net cash proceeds held by the Current RE (**Aggregate Cash**), less the costs that the Current RE estimates will be incurred in the course of the winding up and de-listing of MXQ (**Cash Distribution**); and
- 3. in the absence of any other proposal, the Current RE will pursue the winding up and de-listing of MXQ.

C. Approval of First Meeting Resolutions

If both the First Meeting Resolutions are passed at the First Meeting then it is the Alceon Associates' expectation that payment of the Cash Distribution will be delayed and implemented in the manner referred to in Section D.

Further, if both the First Meeting Resolutions are passed at the First Meeting, it is the understanding and expectation of the Alceon Associates that the New RE, promptly after:

- the First Meeting has been concluded; and
- the Australian Securities and Investments Commission (**ASIC**) has amended its record of registration to reflect that the responsible entity of MXQ is the New RE¹,

will convene a second meeting of Unitholders (**Second Meeting**) for the purpose of the Unitholders considering and voting upon the resolutions necessary to effect the Proposal, including:

1. MXQ changing its name;
2. the New RE undertaking a capital raising by way of a public issue to raise a minimum of \$10,000,000 and a maximum of \$50,000,000, with capacity for oversubscriptions (**Capital Raising**), with priority being given to Unitholders who elect to reinvest some or all of the capital proceeds they become entitled to receive under the Cash Distribution; and
3. approval of the terms of the proposed investment management agreement with the New Investment Manager,

(collectively **Second Meeting Matters**).

The Alceon Associates wish to make it clear to all Unitholders that if the resolutions dealing with the Second Meeting Matters (each a **Second Meeting Resolution**) are passed at the Second Meeting, it is the expectation of the Alceon Associates that payment of the Cash Distribution will still be effected by the New RE, in the manner stated in Section D. In those circumstances, Unitholders will have the right to receive their respective Cash Distributions or, if they so elect, to apply some or all of those Cash Distributions to subscribe for Units to be issued as part of the Capital Raising (each a **New Unit**).

D. Convening of Second Meeting

In order to convene the Second Meeting and enable the Unitholders to vote on the Second Meeting Resolutions on an informed basis, the New RE will:

- (a) dispatch to all Unitholders:
 - (i) a notice that will contain the text of the resolutions dealing with the Second Meeting Matters (each a **Second Meeting Resolution**); and
 - (ii) the necessary explanatory memorandum in relation to each of the Second Meeting Resolutions, and related voting forms,

¹ See section 601FJ(1) of the Corporations Act, 2001

(collectively the **Second Notice**); and

- (iii) a Product Disclosure Statement in connection with the Capital Raising (**PDS**) that will include details as more particularly set out in sub-paragraph (c) below;
- (b) give details in the Second Notice or the PDS of all other information that the New RE considers Unitholders should be aware of prior to considering and voting upon the Second Meeting Resolutions, including such matters as:
- (i) the replacement of the current investment manager by the New Investment Manager, as the investment manager of MXQ;
 - (ii) the termination by the New RE of the current investment management agreement with the current investment manager and its replacement with a new investment management agreement with the New Investment Manager; and
 - (iii) the adoption of a new investment mandate in replacement of the existing investment mandate as publicly disclosed;
- (c) ensure that the PDS will include details of:
- (i) the general nature of mezzanine and hybrid capital investing and how and why it is conducted;
 - (ii) the business strategy that the New Investment Manager is intending to adopt in its proposed management of MXQ;
 - (iii) a general overview of the mezzanine and hybrid investment market and its associated advantages and risks;
 - (iv) any potential seed assets for the relaunched vehicle;
 - (v) the targeted financial performance of MXQ under the management of the New Investment Manager;
 - (vi) details of the proposed Cash Distribution and Re-Investment Election – please see Section E of this Statement;
 - (vii) all material details of the Capital Raising, including:
 - (A) minimum and maximum dollar amounts proposed to be raised;
 - (B) the issue price of the units to be issued under the Capital Raising (each a **New Unit**);
 - (C) the current capital structure of MXQ and its likely capital structure after completion of the Cash Distribution, Capital Raising and issue of the New Units, including the degree of dilution that a Unitholder who receives all its cash entitlements under the Cash Distribution, and does not participate in the Capital Raising, will experience;
 - (D) any unit consolidation to occur after completion of the Capital Raising;

- (E) indicative timetable for the conduct and completion of the Capital Raising, including expected dates of allotment and issue of the New Units and the commencement of their official quotation by ASX;
 - (F) priority arrangements made available to those Unitholders who exercise the Re-Investment Election to apply some or all of the cash proceeds that they would otherwise be entitled to receive under the Cash Distribution, towards a subscription for New Units;
 - (G) proposed use of the funds raised under the Capital Raising;
 - (H) any underwriting arrangements; and
 - (I) fee arrangements applicable to the Capital Raising;
- (viii) the relevant history and experience of the New RE and the New Investment Manager;
- (ix) the fee structure that will apply to the future operation of MXQ, including those fees to be charged by each of:
- (A) the New RE; and
 - (B) the New Investment Manager,
- as well as a comparison to the fee structure that is currently applicable to the operation and administration of MXQ;
- (x) general statements in relation to the likely tax consequences of how the Capital Raising may affect Unitholders, including any exercise of the Re-Investment Election (as defined below); and
- (xi) an “Additional Information” section that will include:
- (A) a description of the material terms of the Constitution, including all rights and obligations that will attach to Current Units and New Units;
 - (B) a description of the material terms of the investment management agreement under which the New Investment Manager is to be engaged to act on behalf of MXQ;
 - (C) the proposed new investment mandate under which the New Investment Manager would be required to operate MXQ;
 - (D) a description of the applicable investor protection measures that the New RE will undertake on behalf of Unitholders and future unitholders, including such matters as:
 - (I) the New RE’s role as a responsible entity;
 - (II) the board composition of the New RE; and
 - (III) the compliance plan lodged with ASIC that sets out the measures that the New RE will apply in order to ensure

compliance with the Corporations Act and the Constitution, in the operation of MXQ.

E. Cash Distribution or Election to re-invest in Capital Raising

If both the First Meeting Resolutions are passed at the First Meeting then it is the understanding and expectation of the Alceon Associates that as soon as practicable:

- (a) the New RE will convene the Second Meeting in the manner referred to in Section D above; and
- (b) if the Second Meeting Resolution related to the Capital Raising is:
 - (i) not passed at the Second Meeting, the New RE will promptly undertake the Cash Distribution on the same basis as is referred to in Section B; or
 - (ii) passed at the Second Meeting, the New RE will proceed with the Capital Raising, in the manner described in the PDS.

Specifically, in the course of the Capital Raising, all Unitholders will:

- A. receive their respective Cash Distribution, unless they communicate to the New RE, in the manner that will be made clear in the PDS, their election to reinvest some or all of those cash proceeds that they would otherwise be entitled to (**Re-Investment Election**); and
- B. in any event, retain the Units that they hold at that time (each a **Current Unit**).

Accordingly, if a Unitholder **does not participate** in the Capital Raising, it will receive all the cash proceeds that it would otherwise be entitled to receive under the Cash Distribution.

It is not proposed that any of the Current Units will be redeemed or cancelled in the course or as a consequence of the Proposal. However, any Unitholder who does not participate in the Capital Raising, either through making a Re-Investment Election or otherwise by subscribing for New Units, and receives all its cash entitlements under the Cash Distribution, is likely to experience a material dilution in the proportion of its unitholding.

F. Position of Current RE and New RE

Other than as expressed in this Statement, and as may be stated in the Second Notice and the PDS, it is the Alceon Associates' understanding that the New RE has not made, and does not propose to make, any recommendation or give any advice or comment on or in respect of:

1. how or whether any Unitholder should vote in respect of any First Meeting Resolution or Second Meeting Resolution; or
2. the merits of the Proposal, the Cash Distribution, the Capital Raising or any aspect of any of the foregoing.

However, the Alceon Associates do confirm that the New RE has consented to act as the responsible entity of MXQ, once the First Meeting Resolutions have been duly approved in accordance with their respective terms.

G. Indicative timetable

After the approval of the First Meeting Resolutions, an indicative timetable for the implementation of the remaining elements of the Proposal, including the Capital Raising, will be announced.

H. Enquiries

If any Unitholder or other person considering participating in the Capital Raising requires any explanation about any of the matters referred to above, Alceon recommends that such Unitholder or other person consults their independent financial or legal adviser about such a matter.

On behalf of Alceon, I thank you for your consideration of the matters raised above. The Alceon team looks forward to working with all Unitholders and other interested persons in connection with the implementation of the Proposal.

Yours faithfully



Trevor Loewensohn

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Director
Rotarn Pty Limited as trustee for the Rotarn Operating Trust



Trevor Loewensohn

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Director
Riply Pty Limited as trustee for the Riply Trading Trust