

10 December 2008

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

**Update on Termination of Management Agreement and Strategic Review**

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

Yours faithfully,



**DAVID NEUFELD**  
Company Secretary

10 December 2008

### **Update on Termination of Management Agreement**

As previously announced, Allco Equity Partners Limited (ASX:AEP) served a notice of termination of the Management Agreement between itself and Allco Equity Partners Management Pty Limited (the “**Manager**”), a wholly owned subsidiary of Allco Finance Group Limited (“**AFG**”), on 5 November 2008. Both AFG and the Manager are in Receivership and Voluntary Administration. The Receivers disputed the validity of the termination of the Management Agreement and, as a consequence, AEP applied to the Supreme Court of New South Wales for a declaration that the Management Agreement had been validly terminated. The matter was heard on 9 December 2008.

The Supreme Court concluded that there had been a breach of a material obligation under the Management Agreement, but that the breach did not trigger a termination right and, therefore, was not prepared to make a declaration that the Management Agreement had been validly terminated. As a result, the Management Agreement remains on foot.

AEP is reviewing its position and also the Court’s judgment carefully as to potential grounds of appeal. In the meantime, it remains business as usual for both AEP and our investee entities.

As a result of the Court’s decision, the nearly 10.2 million initial ordinary shares held by AFG will remain in escrow.

### **Strategic Review**

The Board of AEP remains focused on initiatives and strategies to reduce the discount to underlying net asset value at which the AEP share price currently trades. UBS has been mandated by the Board to conduct a strategic review of all of the alternatives available to seek to reduce this discount and maximise value for AEP shareholders.

It is expected that this review will be completed by the end of February 2009. AEP will provide a further update to shareholders as soon as it is practical to do so.

Ends.

#### *Further Information*

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## **About Allco Equity Partners**

Allco Equity Partners Limited (“AEP”) is an ASX listed investment company which provides its shareholders with investment exposure to, and returns from, investments in operating businesses.

AEP pursues private equity style transactions and public market opportunities using private equity investment experience and disciplines.

AEP will invest in operating businesses, whether they are listed on a stock market or not. Where it invests in listed businesses it will usually be where there is seen to be a private equity style of investment opportunity.