ASX
AUSTRALIAN SECURITIES EXCHANGE

MARKET RELEASE

04 December 2008

Allco Hybrid Investment Trust

REINSTATEMENT TO OFFICIAL QUOTATION

The suspension of trading in the Alleasing Hybrids (AHUG) of Allco Hybrid Investment Trust (the "Trust") will be lifted immediately following receipt of an announcement by the Trust providing details of the revised agreement for the proposed sale of Alleasing Pty Ltd.

Security Code: AHUG

Sarah Donnelly
Adviser, Issuers

Allco Managed Investment Funds Limited
ABN 47 117 400 987
AFSL 297 042

Level 24 Gateway
1 Macquarie Place
Sydney NSW 2000

4 December 2008

Ms Sarah Donnelly
Adviser, Issuers (Sydney)
ASX Markets Supervision Pty Limited
Exchange Centre
Level 1, 20 Bridge Street
SYDNEY NSW 2000

Allco Hybrid Investment Trust (ASX: AHU) – Request to Reinstate Quotation for AHUG

I refer to the request of 7 November 2008 for the voluntary suspension in the quotation of the Alleasing Hybrid Securities (ASX: AHUG) and the notification of continuing suspension of 14 November 2008, 21 November 2008, and 28 November 2008 pending an announcement to the market with respect to a revised sale of the Alleasing Pty Ltd business.

Attached to this letter is a copy of an announcement regarding the revised sale of Alleasing Pty Ltd.

Having regard to the release of this announcement, Allco Managed Investment Funds Limited as Responsible Entity of the Allco Hybrid Investment Trust (AMIFL) requests that ASX reinstate quotation of the AHUG securities in accordance with ASX Listing Rule 17.7.

AMIFL is not aware of any reason why quotation in the AHUG securities should not be reinstated.

Yours sincerely,

T. Lennox

Tom Lennox
Company Secretary
Allco Managed Investment Funds Limited
As Responsible Entity for the Allco Hybrid Investment Trust

Allco Managed Investment
Funds Limited
ABN 47 117 400 987
AFSL 297 042

Level 24 Gateway
1 Macquarie Place
Sydney NSW 2000

4 December 2008

The Manager
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Allco Hybrid Investment Trust (ASX: AHU) – Revised agreement for the sale of Alleasing Pty Ltd

Allco Managed Investment Funds Limited ("**AMIFL**") in its capacity as Responsible Entity of the Alleasing Trust has today entered into a conditional agreement with Leasing Finco Pty Ltd, an entity controlled by the CHAMP II Funds advised by CHAMP Private Equity ("**CHAMP**") and the receivers of Allco Finance Group Limited ("**AFG**") for the sale of Alleasing Pty Ltd, the owner of the Alleasing business carried on by the Alleasing Trust together with certain related loans.

The background to this revised sale and the impact on holders of Alleasing Hybrids (ASX: AHUG) is set out below.

Background to the revised sale

On 26 September 2008, AMIFL announced that it had reached agreement for the sale of the Alleasing business for approximately $145 million, and that it had agreed with AFG that the first $65 million of the net sale proceeds (after paying out the Senior Lendor's prior ranking loan facility) would be paid to the Alleasing Hybrid holders, subject to various adjustments.

A meeting of holders of Alleasing Hybrids convened on 11 November 2008 to consider and approve those arrangements was adjourned following the appointment of administrators and receivers to AFG. CHAMP had the right to terminate the sale agreement given those appointments, and had at the time of the meeting reserved that right. Also, the receivers of AFG had declined to confirm to AMIFL that AFG would uphold the proceeds sharing agreement with AMIFL under which the Allco Hybrid Investment Trust ("**HIT**") would have received the first $65 million of net proceeds (after the repayment of the senior secured lender) of the Alleasing sale for Alleasing Hybrid Holders. Given the indication that the receivers of AFG were not willing to proceed with the commercial terms of the previous sale agreement and the earlier proceeds sharing agreement, the receivers of AFG renegotiated the sale of the Alleasing business with CHAMP, who also sought a reduction in the purchase price of $10 million having advised AMIFL and the receiver that the deterioration in the capital markets had reduced the availability of debt to support its purchase price.

The receivers of AFG have refused to agree to the revised sale arrangements unless AFG receives a much higher proportion of the net sale proceeds, to the detriment of the Alleasing Hybrid Holders.

There are two key changes under the revised sale arrangements to the main commercial terms of the previous sale agreement: First, the purchase price has

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been reduced by $10 million to approximately $135 million. Secondly, the share of the net sale proceeds to be allocated to the Alleasing Hybrid Holders has been reduced from $65 million (subject to potential adjustment) to a fixed $15 million. This change has occurred due to the receiver's position that the AFG Mezzanine Loan has a clear priority on sale proceeds ahead of the Alleasing Hybrid Holders.

AFG's receiver has expressed his firm view that AFG is entitled to all proceeds (after repayment of the senior secured lender) to repay the AFG Mezzanine Loan and that given the proposed purchase price is insufficient to repay in full the AFG Mezzanine Loan, Alleasing Hybrid Holders should not receive any proceeds from this transaction. The receiver's position is at odds with the view held by former management of AFG who negotiated a compromise with AMIFL in settlement of all of AMIFL's claims under the Letter of Support, which resulted in $65m (subject to potential adjustment) being secured in favour of the Alleasing Hybrid holders.

After extensive negotiations with AFG's receiver concerning the revised sale arrangements and the respective rights and obligations of AFG and AMIFL under the Letter of Support given by AFG to Alleasing Trust on 30 November 2007, AMIFL has been able to secure an up-front fixed cash payment of $15 million for Alleasing Hybrid Holders but this is the maximum amount that the receiver of AFG is willing to provide to Alleasing Hybrid Holders.

The alternative for AMIFL is to rely upon costly, time consuming and uncertain litigation to enforce the Letter of Support given by AFG to Alleasing Trust on 30 November 2007. If AMIFL was successful with this uncertain litigation it would be an unsecured creditor of AFG. Given the size of AFG's secured and unsecured liabilities, as recently outlined by the administrators of AFG at the first meeting of creditors of AFG on 14 November 2008, as an unsecured creditor there can be no certainty that any proceeds would be recovered by AMIFL even if it was successful in any litigation against AFG. Importantly, the timing of any receipt of proceeds from a successful claim is highly uncertain.

Given all of the above circumstances, the independent directors of AMIFL have been compelled to agree that AMIFL should enter into a revised agreement for the sale of Alleasing Pty Limited and associated loans with CHAMP and AFG (and a revised agreement for the sharing of the net sale proceeds with AFG), but only on the basis that completion will be subject to approval by the holders of the Alleasing Notes. The independent directors of AMIFL have also agreed with the receivers of AFG that the amount to be distributed to the holders of the Alleasing Notes will not be subject to any completion adjustments nor exposed to any warranty or other future claims by CHAMP so that their proceeds will be fixed and paid in full on completion.

AMIFL proposes to convene a meeting on 19 December 2008 to enable holders of the Alleasing Notes to consider resolutions that will facilitate the early redemption of the Alleasing Notes for $11.53 per Alleasing Note, and authorise the release of Alleasing Pty Limited (and certain of its subsidiaries), Alleasing Trust and HIT from guarantees and charges given in favour of the Note Trustee for the Alleasing Note Holders.

Full details about the revised proposal and the factors relevant to consideration of the proposal (including the position under the Letter of Support from AFG) will be provided to Alleasing Note holders shortly in the form of a new Notice of Meeting and Explanatory Memorandum. A review of the transaction and the revised proposal by an independent expert will also be provided.

Given the position adopted by AFG's receiver to the sale and the proceeds sharing agreement, our legal advice, the opinion of the independent expert and the absence of any further alternative to Alleasing Hybrid holders (other than costly, time consuming and uncertain litigation under the Letter of Support), the independent directors of AMIFL have reluctantly concluded that the disappointing offer from AFG's receiver represents the only viable option for the Alleasing Hybrid holders to receive value from the sale of Alleasing Pty Ltd.

Details of the revised sale

Under the revised agreement for sale, AMIFL as Responsible Entity of the Alleasing Trust has agreed to sell to CHAMP its shares in the issued capital of Alleasing Pty Limited. The agreement also provides for the assignment to CHAMP of certain loans relating to Alleasing Pty Limited, including the Mezzanine Loan facility provided by AFG. AFG's administrators have consented to the sale under the revised sale agreement. The previous sale agreement with CHAMP has been terminated by CHAMP.

The total consideration for the sale is approximately $135 million subject to:

- Post-completion adjustments. These adjustments will be made on the basis of an agreed target position for net working capital, indebtedness and the residual value of leased assets of Alleasing as at completion of the transaction;
- CHAMP successfully making a warranty or other claim, up to a limit of $20 million within 18 months of the sale completing.

The Alleasing Trust will receive $15 million at the completion of the sale, expected to be on 22 December 2008, with no adjustment or deferral. Those funds will be used to redeem the Alleasing Notes in accordance with the revised proposal. The remainder of the sale proceeds will be paid to the senior lender of Alleasing Pty Limited and AFG.

Completion of the sale is subject to a number of conditions, including the approval of the Alleasing Note holders of the revised proposal. To the extent that any condition cannot be satisfied or waived, the transaction may not complete. More information in respect of the conditions will be contained in the Notice of Meeting shortly to be sent to Alleasing Note holders.

If the revised proposal is approved and the sale to CHAMP completes, the Redemption Amount of $11.53 per Alleasing Note is expected to be paid on the date of completion of the sale, which is presently expected to be 22 December 2008.

HIT will also become obliged to repurchase the Alleasing Options upon the redemption of the Alleasing Notes. The purchase price is $33 per Alleasing Option. However, as HIT will not have sufficient funds to meet that obligation in full, AMIFL as the Responsible Entity of HIT proposes to wind up HIT if and when the sale of the Alleasing business has completed. Alleasing Option Holders will be unsecured creditors of HIT for the purchase price of the Alleasing Options in that winding up.

HIT has cash reserves and envisages that, subject to payment of the costs of the winding up and other prior ranking amounts, Alleasing Option Holders will receive a further payment for each Alleasing Option on completion of HIT's winding up.

Extension to Senior and Mezzanine Facilities

AMIFL as Responsible Entity of HIT also advises that Alleasing Pty Limited's Senior Facility and Mezzanine Facility have been extended to 15 January 2009 and 16 January 2009, respectively.

Yours sincerely,

T. Lennox

Tom Lennox
Company Secretary
Allco Managed Investment Funds Limited
As Responsible Entity for the Allco Hybrid Investment Trust

For more information on Alleasing Hybrids please contact:

Shareholder General Enquiries
Computershare
1300 738 987

Or

Christine Bowen
Director – External Relations
Tel: + 61 2 8916 7739