

29 January 2008

The Manager
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Sydney NSW 2000

Allco Finance Group Limited
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Allco Finance Group (ASX: AFG) – Update from Allco Principals Investments Pty Ltd

Further to the letter received from Allco Principals Investments Pty Ltd (API) on January 23, 2008, Allco Finance Group (Allco) has received further information from API regarding discussions with its two remaining margin lenders, as detailed in the attached letter.

This is principally an API shareholder matter however, Allco as manager of the fund continues to monitor the situation closely.

Yours sincerely



Tom Lennox
Company Secretary

Contact Details

Christine Bowen
Director, External Relations
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About Allco Finance Group

Allco Finance Group (“Allco”) is a fully integrated global financial services business, listed on the Australian Securities Exchange, and specialising in asset origination, funds creation and funds management.

Allco commenced operations in Australia as a private structured finance business in 1979. The Group has evolved significantly from its origins as a leveraged lease packager and underwriter and is now a diversified finance group with a global network of operations.

Throughout its history, Allco has recognised that with change comes opportunity, and has positioned itself at the forefront of structured finance through product innovation.

Allco’s business has grown rapidly as access to capital has facilitated the origination of more transactions. Headquartered in Sydney, Allco’s growth prospects are augmented by its network of offices in key markets throughout UK/Europe, Asia Pacific and North America.

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The Company Secretary
Allco Finance Group
Level 24, Gateway Building
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Sydney NSW 2000

Dear Sir,

Further to our letter of 23 January 2008, Allco Principals Investment Pty Ltd (API), a wholly owned subsidiary of the Allco Principals Trust (APT), confirms that it has concluded a Heads of Agreement providing for a standstill agreement with its two remaining margin lenders, subject to formal documentation.

Pursuant to this arrangement, no further Allco Finance Group (Allco) or Allco HIT Limited (Allco HIT) stock will be sold by the margin lenders during the term of the standstill agreement.

The agreement covers 23.7 million Allco shares and 0.6 million Allco HIT shares owned directly by API and 29.1 million Allco shares and 2.4 million Allco HIT shares which are pledged as security to the margin lenders by the ordinary unitholders in APT.

The term of the standstill agreement extends beyond the release of Allco's full year results for FY2008.

Yours sincerely

Christopher West
Director
Allco Principals Investments Pty Ltd

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