
ALLCO EQUITY PARTNERS LIMITED

Annual General Meeting

1 November 2006



ALLCO EQUITY PARTNERS LIMITED

**2006 ANNUAL GENERAL MEETING
MANAGING DIRECTOR'S PRESENTATION
1 NOVEMBER 2006**



Transaction Overview

- Transactions completed
 - Signature Security Group acquired
 - Trans Tasman Collections formed
 - Baycorp Collection Services and PMG acquired
 - Acquisition of 17% of Veda Advantage Limited (Baycorp Advantage)

- \$191 million of equity invested

- Strategic positions obtained in:
 - Financial services sector
 - Security services sector
 - growth opportunities



F2006 Financial Review

Revenue	\$m
• Security services revenue	30.6
• Dividends received	5.4
• Interest income	8.9
• AIFRS interest	19.3
• Other revenue	<u>1.4</u>
Total revenue ¹	<u>65.6</u>
Profit before financing costs, tax, depreciation and amortisation ¹	41.8
Profit before tax ¹	26.8
Earnings per share ¹	25.7 cents
Underlying earnings per share	6.7 cents

Note 1: includes impact of transition to AIFRS - \$19.3 million



Dividend Paid

- Maiden dividend paid on 20 October 2006
- 6.0 cents per share, fully franked
- Nature of activities means a regular dividend is not expected to be paid



Funds Flow Statement Since Listing

	\$m
Sources of funds	
• Capital received	367
• Borrowings (limited recourse) for Signature acquisition	105
• Share issue and instalment collection costs	<u>(13)</u>
Net funds raised	459
Net operating and other cash flows	<u>15</u>
Net sources of funds	474
Uses of funds <small>(Note 1)</small>	
• Baycorp Advantage Limited (net of 2005 capital return)	(118)
• Signature Security Group	(145)
• Trans Tasman Collections	(33)
Cash funds available at 30 June 2006	<u><u>178</u></u>



Note 1: includes applicable transaction costs

Funds Available for Equity Investment over next 12 months

	\$m
Total cash funds at 30 June 2006	178
less Signature Security operating cash	<u>(5)</u>
Funds available for investment at 30 June 2006	173
Final instalment on partly paid shares to be received by 18 December 2006	183
Capital return due from Veda Advantage	14
Dividend paid on 20 October	(6)
Funds available for investment over next 12 months	<u><u>364</u></u>



Market Conditions

- Increasingly competitive
 - auction process for unlisted businesses
 - flow of funds into economy
 - international participants
 - increasing interest by traditional private equity firms to enter public market space
 - expect to continue

- AEP still has competitive advantages in public market space over traditional private equity firms
 - will continue to pursue



Net Assets per Share at 30 June 2006 (Note 1)

	\$ per AEPL Share
Cash and cash equivalents	1.74
Investments	
• Baycorp Advantage Limited at market value	1.22
• Signature Security Group consolidated net assets before debt funding	1.34
• Trans Tasman Collections at cost	0.32
Other AEPL net assets	0.02
	<u>4.64</u>
Less Signature Security Group net debt funding	<u>(0.99)</u>
Net Assets per Share	<u>3.65</u>
Less intangible assets and goodwill arising primarily from the acquisition of Signature Security Group	(1.30)
Minority interest adjustment	0.01
Net Tangible Assets per Share	<u><u>2.36</u></u>

Note 1: Excludes amounts due from shareholders on partly paid shares



Signature Security Group

Business Description

Supplier of electronic security services in Australia and New Zealand. Services include the installation, monitoring, sale and leasing of electronic security equipment to residential and commercial customers.

Financial Contribution

	Post Acquisition Audited	12 months to 30/6/06 Unaudited
• Revenue	\$30.9m	\$62.9m
• Earnings before financing costs, depreciation, amortisation and tax	\$12.8m	\$26.2m
• Earnings before financing costs and tax	\$4.4m	\$9.4m
• Cash flow from operating and investing activities	\$8.2m	\$9.4m
Implied EBITDA acquisition multiple		5.27x



Signature Security Group

Key Attributes

Broad customer base

- residential and commercial
- outright sales and leasing

Stable cash flows

- from monitoring contracts

Challenges

Customer retention

- subscriber oriented business model

Priorities

Set platform for future growth

- business and dealer line acquisitions
- SME sales and leasing

Improve customer retention rate



Trans Tasman Collections

Business Description

Receivables management and integrated debt recovery services in Australia and New Zealand.

Owns Baycorp Collection Services and Portfolio Management Group.

Formed as a 50% joint venture with DB Capital Partners client fund.

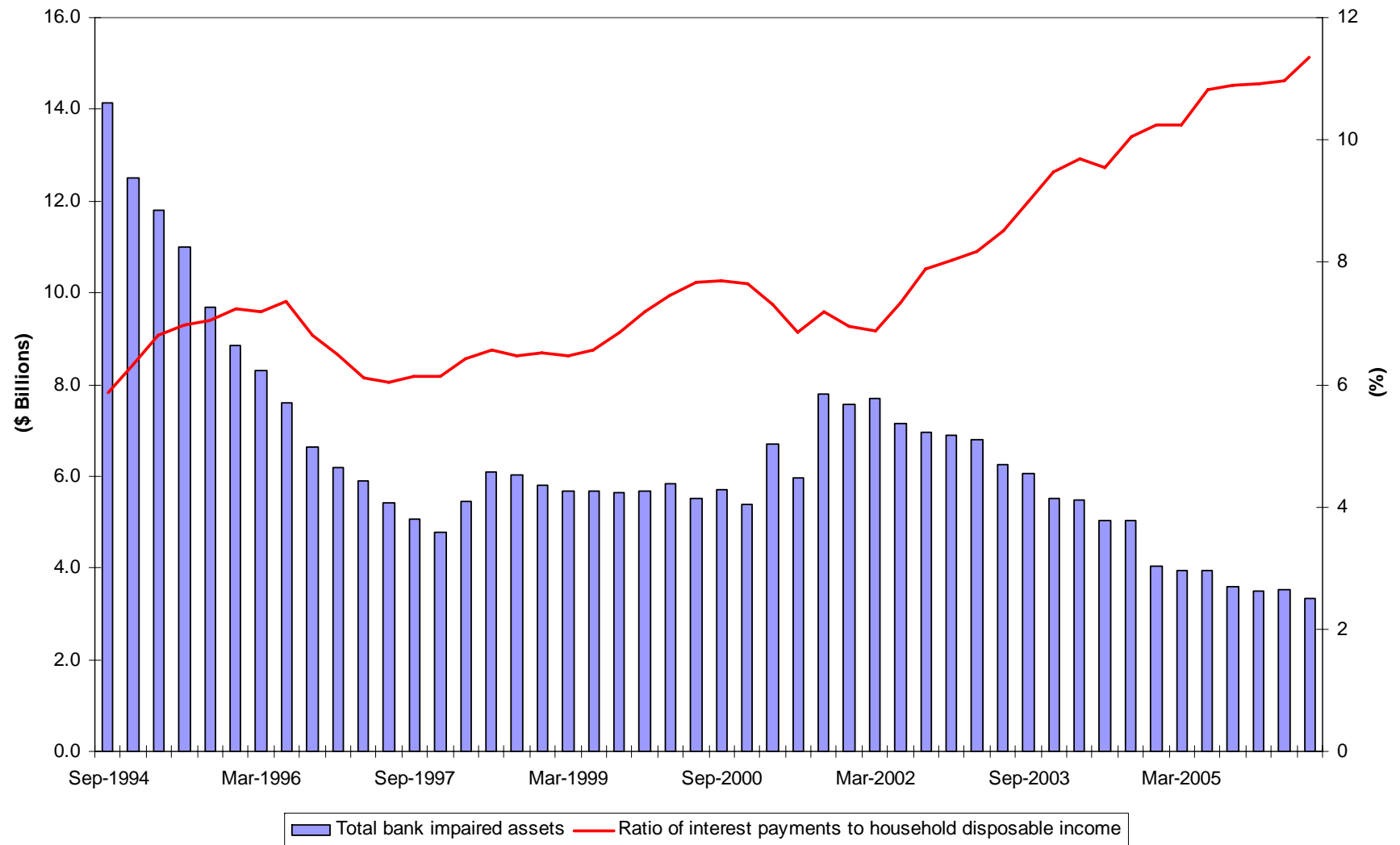
EBITDA multiple normalised (Note 1)

3.92x



Note 1: Applicable to BCS acquisition and based on AGAAP

Bank Impaired Assets and Ratio of Interest Payments to Disposable Income



Source: Reserve Bank of Australia and APRA

Trans Tasman Collections

Post Acquisition

- Integration of BCS and PMG
- TTCH acquired 10% stake in Collection House Limited

AEPL

- Supports business growth initiatives and business strategies of TTCH
- Expect to see new business opportunities as interest rates and level of defaults increase



Veda Advantage Limited (formerly Baycorp Advantage)

Business Description

Major provider of business and information services in Australia and New Zealand.

Listed on ASX and NZX.

Financial Contribution

Dividends received, fully franked

\$5.4 million

2005 and 2006 capital returns

\$33.0 million



Veda Advantage Limited

Post acquisition developments

- Board seat obtained
 - working with Veda Board and management to drive improved performance
- Separation of BCS completed
- Capital management initiatives undertaken by Company
 - \$190 million of capital returns to shareholders
- Leadership transition occurring

AEPL supports

- Capital management and restructuring initiatives to enhance returns for all shareholders
- Focus on core bureau business



Investment Strategy

General Criteria

- Medium to large transactions
 - traditional private equity and unlisted
 - corporate activist
- Current focus on Australia and NZ markets
 - will consider offshore markets
- Preference for
 - financial services
 - healthcare
 - media
 - gaming
- Will pursue opportunistic situations outside these areas
- Target business characteristics
 - underlying business is fundamentally sound
 - stable cash flows
 - low gearing



Investment Strategy

Financial Criteria

- Expect to achieve one or two transactions per annum
 - target enterprise value in excess of \$400 million
 - funded by equity and debt
 - debt funding
 - recourse to underlying assets acquired
 - limited or no recourse to AEP
- Exposure of equity funds to individual transactions monitored



Relationship with the Manager

- 25 year exclusive management agreement
- AEPM responsible for:
 - identification of opportunities
 - due diligence
 - transaction management
 - accounting and administration support through Allco Finance Group



Deal Flow

Indicative or Firm Offers made since formation to 30 June 2006	
Financial Services	5
Gaming	1
Healthcare	2
Media	1
Other	6
	<u>15</u>

Offers made by type to 30 June 2006	
Private Equity Market	13
Corporate Activist	<u>2</u>
	<u>15</u>



Fees Paid to the Manager

Transaction Fees	1% on completion of investment acquisitions based on enterprise value acquired \$2.7 million paid in F2006
Performance Fees	\$nil only payable upon exit of investments subject to return thresholds being met <ul style="list-style-type: none">• less than 15% IRR - no fee payable• 15-25% IRR - 25% of pre tax return >15%• >25% IRR - 25% of pre tax return between 15% and 25% - 33% of pre tax returns >25%
Annual Management Fees	\$nil not currently applicable distinguishes from other “listed cash boxes”
Cost Recovery	<ul style="list-style-type: none">• accounting & administrative support \$0.3 million in F2006



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Remuneration Report

For	44,759,507
Against	88,766
Abstain	39,200
Proxy's Discretion	9,141,017



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Re-election of Marcus Derwin as a director

For	44,848,523
Against	20,350
Abstain	18,600
Proxy's Discretion	9,141,017



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Re-election of Geoff Morgan as a director

For	44,849,473
Against	20,350
Abstain	18,600
Proxy's Discretion	9,141,017



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