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Allco Finance Group (ASX: AFG) subsidiary to acquire Con Edison power projects in the northeast U.S. with Industry Funds Management

AllCapital (US) LLC (“AllCapital”), the wholly-owned U.S. subsidiary of Allco Finance Group (Allco), together with Industry Funds Management Pty Ltd (“IFM”), one of the largest wholesale investment managers in Australia, today announced they have executed purchase agreements to acquire a portfolio of U.S.-based power project interests with an aggregate capacity of 1706 MW from Consolidated Edison, Inc. (“Con Edison”), one of the largest utilities in the United States.

The acquisition by AllCapital demonstrates Allco's asset origination capabilities in critical infrastructure investments. The transaction also underscores Allco's core energy strategy, which focuses on investment in low-to-medium emission generation and related infrastructure with strong forward cash-flows in growth markets.

As noted in the attached media release, the assets will initially be held on Allco's balance sheet pending the sell-down to selected Allco-managed funds. This includes a new unlisted Energy Infrastructure Fund, which as previously indicated will be one of four new funds expected in the first half of 2008.

Yours sincerely,



Tom Lennox
Company Secretary

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ASX RELEASE

During the next several months, AllCapital and IFM will be working with Con Edison to transfer the operation of the business under its new ownership once all regulatory approvals are received. The purchasers will be seeking to retain all existing staff and management.

For further information

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About Allco Finance Group/AllCapital

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

AllCapital is the wholly owned U.S. subsidiary of Allco and currently has over 60 employees located in offices in New York, San Francisco and Omaha.

Allco is rapidly becoming a global fund manager of alternative assets in its core asset classes of aviation, rail, shipping, infrastructure, property, private equity and financial assets. In the U.S., AllCapital's focus is on the core asset classes of infrastructure, predominantly energy assets, real estate, with one of the largest government leased real estate portfolios in the U.S., and rail, in the operating lease business.

Other major energy infrastructure projects led by AllCapital include the development of the Tehachapi Wind Project in Southern California, which is backed by a landmark 1,500MW Power Purchase Agreement with Southern Californian Edison, the largest ever renewable energy purchase contract signed by a US utility.

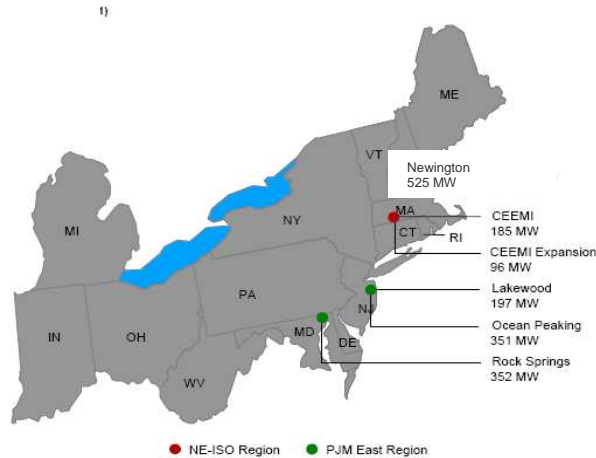
About IFM

Industry Funds Management Pty Ltd ("IFM") is an investment management company specialising in the management of private investment products across infrastructure, private equity, private debt and listed equity portfolios. IFM currently manages over A\$14.5 billion in its related products and services.

IFM has been an investor in infrastructure assets since 1995 and has completed 45 transactions in that 12 year period. Within the United States, IFM International Infrastructure has a direct investment in Duquesne Light Holdings and the Colonial Pipeline Company. IFM is owned by Industry Super Holdings Pty Ltd the holding company for the Members Equity group of companies, which in turn is owned by forty major Australian not-for-profit pension funds.

About the Con Edison Development Power Portfolio

The interest in the Con Edison Development power portfolio being acquired comprises 29 individual generating units located at 12 different sites with an aggregate capacity of 1,706 MW. The power stations are located in New Hampshire, Massachusetts, New Jersey and Maryland placing all of them in the capacity constrained North-Eastern U.S. markets. The portfolio involves a range of power stations with a mixture of intermediate and peaking plants. The majority of the energy is generated through gas fired combustion turbine and hydro technology.



Specifically, the portfolio is divided into 6 different facility groupings and consists of:

- **Newington Energy LLC** is a nominal 525 MW, combined cycle, dual fuel facility located in Newington, New Hampshire north of the city of Portsmouth on approximately 20 acres of land. It operates within the service territory of Public Service of New Hampshire, New Hampshire's largest electrical utility, within an industrial area.
- **Consolidated Edison Energy Massachusetts Inc** ("CEEMI") comprises 185 MW of generation capacity consisting of hydroelectric facilities, gas fired combustion turbines and thermal (steam, turbine and boiler) units. There are nine plants in total located in Western Massachusetts in the ISO New England power market.
- **CEEMI Expansion** is a 96 MW gas fired aero derivative combustion turbine peaking facility located at the West Springfield CEEMI Station in Western Massachusetts.
- **Lakewood** is a nominal 246 MW combined cycle facility located on 40 acres in Lakewood, New Jersey, and operates within the Eastern Mid-Atlantic Area Council region. Con Ed holds 80% (197MW) of the ownership interests in this facility, with Osaka Gas Energy America holding the remaining 20%.
- **Ocean Peaking** is a nominal 351 MW peaking facility located on 15.8 acres in Lakewood, New Jersey, and operates within the Eastern Mid-Atlantic Area Council (MAAC) region of PJM.
- **Rock Springs** is a nominal 352 MW peaking facility located in Rising Sun, Maryland which falls in the Reliability First Corporation Region Reliability council, one of the eight regions under the North American Electric Reliability Corporation (NERC).