



**ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST  
FINANCIAL STATEMENTS ANNOUNCEMENT  
for the period ended 30 June 2008**

Allco Commercial Real Estate Investment Trust ("Allco REIT" or the "Trust") is a real estate investment trust established under a Trust Deed dated 12 September 2005 entered into between Allco (Singapore) Limited (as manager of Allco REIT) (the "Manager") and British and Malayan Trustees Limited (as trustee of Allco REIT) (the "Trustee"), as amended by a First Amending and Restating Deed dated 23 February 2006 and amended by a Second Amending and Restating Deed dated 20 March 2006, and a Supplemental Deed of Amendment dated 30 April 2007 (the "Trust Deed").

The principal activities of Allco REIT and its subsidiaries (the "Group") are those relating to investment in a diverse portfolio of real estate and real estate related assets with the prime objectives of delivering regular and stable distributions to unitholders, and to achieve long-term growth in such distributions and the net asset value per unit of Allco REIT ("Unit").

The property portfolio of Allco REIT as at 30 June 2008 consists of nine properties as follows:-

- 100.0% direct interests in the China Square Central property ("China Square Central") and the 55 Market Street property ("55 Market Street"), both located in the Singapore central business district ("CBD"), and in the KeyPoint property ("KeyPoint") located at 371 Beach Road, Singapore;
- 100.0% indirect interests in Cosmo Plaza located in Osaka, Japan ("Cosmo Plaza"), the Galleria Otemae Building located in Osaka, Japan ("Galleria Otemae"), the Azabu Aco Building located in Tokyo, Japan ("Azabu Aco") and the Ebara Techno-Serve Headquarters Building located in Tokyo, Japan ("Ebara Techno-Serve"); and
- 50.0% indirect interests in Central Park located in Perth, Australia ("Central Park") and the Centrelink property located in Canberra, Australia ("Centrelink Headquarters").

Allco REIT also has a 20.6% indirect investment in Allco Wholesale Property Fund ("AWPF") which in turn holds a 50.0% interest in the Ernst & Young Centre, a 50.0% interest in the World Square Retail Complex and Public Car Park, and a 100.0% interest in Neeta Shopping Centre, each located in Sydney, Australia. AWPF is a registered managed investment scheme managed by Record Funds Management Limited, an indirect, wholly owned subsidiary of Allco Finance Group Limited.

On 8 July 2008, Allco Finance Group Ltd and two of its indirect wholly owned subsidiaries, Allco Singapore Holdings Limited and Allco Singapore Investments Pte. Ltd. ("Allco Group") entered into a Sale and Purchase Agreement with Frasers Centrepoint Limited ("FCL"). Pursuant to the Agreement, Allco Group agreed to sell to FCL for a total consideration of S\$180 million:-

- (a) all the issued ordinary and preference shares in the Manager (for a consideration of S\$75,709,405.23); and
- (b) its approximately 17.7% interest in Allco REIT (for a consideration of S\$104,290,594.77).

The sale is expected to complete on or around 6 August 2008.

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**SUMMARY OF CONSOLIDATED RESULTS OF ALLCO REIT AND ITS SUBSIDIARIES (ACTUAL VS FORECAST)**

	2Q2008			1H2008		
	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc./Dec.) %	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc./Dec.) %
Gross Revenue <sup>(2)</sup>	27,624	16,119	71.4%	56,063	32,238	73.9%
Net Property Income <sup>(2)</sup>	20,809	13,608	52.9%	42,892	27,217	57.6%
Total return for the period after income tax and before distribution <sup>(3)</sup>	(10,448)	8,238	NM	(24,901)	16,477	NM
Available for distribution to Unitholders	17,173	10,643	61.4%	28,496	21,289	33.9%
<b>Available for distribution per Unit (cents)</b>						
<b>For Period <sup>(4)</sup></b>	2.40	1.50	60.0%	3.99	3.01	32.6%
<b>Annualised <sup>(5)</sup></b>	7.45	6.04	23.3%	6.91	6.04	14.4%

NM – Not meaningful

**Footnotes**

- (1) *The forecast, for both 2Q2008 and 1H2008, is based on management's forecast for the period FY2008 shown in the Circular dated 26 June 2007 ("Circular"). Allco REIT is required to disclose any variance between the forecast and the actual results for the quarter and the interim period.*
- (2) *The actual gross revenue and the net property income from Central Park, Centrelink Headquarters and AWPf have been translated at the average monthly spot exchange rate for the period (being A\$1.00:S\$1.2891). The exchange rate for the forecast on Central Park, Centrelink Headquarters and AWPf is assumed to be A\$1.00:S\$1.1904. The Trust has entered into foreign exchange derivative financial instruments to fix the exchange rates in respect of the forecast income from these investments at these exchange rates.*
- (3) *Refer to pages 2 and 17 for further details on the total return for the period after income tax and before distribution.*
- (4) *The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 714.6 million Units consisting of 705.9 million Units as at 31 December 2007, 3.7 million Units issued on 18 April 2008 to the Manager as payment for management fee for the quarter ended 31 March 2008, and approximately 3.9 million Units and 1.1 million Units expected to be issued by end of July 2008 to the Manager and Allco Asset Management Pte. Ltd. (the "Property Manager") respectively as payment for management and property management fees for the quarter ended 30 June 2008. The number of Units issued is determined based on the volume weighted average price ("VWAP") of the Units for the ten business days preceding the date of issue pursuant to the Trust Deed and the property management agreement between the Manager, the Property Manager and the Trustee (the "Property Management Agreement").*
- (5) *The actual annualised distribution per Unit of 7.45 cents and 6.91 cents for 2Q2008 and 1H2008 respectively have been computed based on the amount available for distribution less the one-off gains on derivative financial instruments of S\$3.9 million realised in 2Q2008 (see footnote (5) on page 5). The forecast annualised distribution per Unit of 6.04 cents is stated on page 80 in the Circular, and computed by dividing the forecast income available for distribution by the forecast number of units on issue.*

**Refer to Section 9 for details.**

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**1(a) Consolidated Statement of Total Return (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>2Q2008</b>	<b>2Q2007</b>	<b>Inc./</b>	<b>1H2008</b>	<b>1H2007</b>	<b>Inc./</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(Dec.)</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>(Dec.)</b>
			<b>%</b>			<b>%</b>
<b>Gross revenue</b> <sup>(1)</sup>	<b>27,624</b>	<b>17,498</b>	<b>57.9%</b>	<b>56,063</b>	<b>29,749</b>	<b>88.5%</b>
<b>Property operating expenses</b>						
- Repairs and maintenance	(381)	(128)	197.7%	(707)	(264)	167.8%
- Property management fees	(831)	(371)	124.0%	(1,648)	(713)	131.1%
- Property tax	(1,107)	(141)	NM	(2,227)	(269)	NM
- Other property operating expenses <sup>(2)</sup>	(4,496)	(1,736)	159.0%	(8,589)	(3,152)	172.5%
	<b>(6,815)</b>	<b>(2,376)</b>	<b>186.8%</b>	<b>(13,171)</b>	<b>(4,398)</b>	<b>199.5%</b>
<b>Net property income</b>	<b>20,809</b>	<b>15,122</b>	<b>37.6%</b>	<b>42,892</b>	<b>25,351</b>	<b>69.2%</b>
Interest income	519	894	(41.9%)	1,144	2,182	(47.6%)
Other income <sup>(3)</sup>	10,462	208	NM	440	744	(40.9%)
Trust expenses <sup>(4)</sup>	(4,769)	(2,061)	131.4%	(8,384)	(3,696)	126.8%
Reversal of allowance for impairment of receivables	-	-	NM	2,009	-	NM
Realised gains on derivative financial instruments <sup>(5)</sup>	3,936	-	NM	3,936	-	NM
Finance costs	(8,919)	(3,761)	137.1%	(18,661)	(7,802)	139.2%
<b>Total return before net changes in fair values of investment properties, other investment and derivative financial instruments, income tax and distribution</b>	<b>22,038</b>	<b>10,402</b>	<b>111.9%</b>	<b>23,376</b>	<b>16,779</b>	<b>39.3%</b>
Net change in fair value of investment properties <sup>(6)</sup>	(29,704)	155,415	NM	(29,704)	155,415	NM
Net change in fair value of other investment and derivative financial instruments <sup>(7)</sup>	(2,891)	17,831	NM	(18,257)	15,328	NM
<b>Net gain on investment properties, other investment and derivative financial instruments</b>	<b>(32,595)</b>	<b>173,246</b>	<b>NM</b>	<b>(47,961)</b>	<b>170,743</b>	<b>NM</b>
<b>Total return before income tax and distribution</b>	<b>(10,557)</b>	<b>183,648</b>	<b>NM</b>	<b>(24,585)</b>	<b>187,522</b>	<b>NM</b>
Income tax credit/(expense) <sup>(8)</sup>	109	(21,492)	NM	(316)	(21,866)	(98.6%)
<b>Total return for the period after income tax, before distribution</b>	<b>(10,448)</b>	<b>162,156</b>	<b>NM</b>	<b>(24,901)</b>	<b>165,656</b>	<b>NM</b>
Distribution	-	-	NM	(25,555)	(14,719)	73.6%
<b>Total return for the period</b>	<b>(10,448)</b>	<b>162,156</b>	<b>NM</b>	<b>(50,456)</b>	<b>150,937</b>	<b>NM</b>

NM – not meaningful

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**Reconciliation of Total Return for the Period After Income Tax, Before Distribution to the Total Amount Distributable to Unitholders:**

	<b>2Q2008</b>	<b>2Q2007</b>	<b>Inc./ (Dec.)</b>		<b>1H2008</b>	<b>1H2007</b>	<b>Inc./ (Dec.)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>		<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Total return for the period after income tax, before distribution	(10,448)	162,156	NM		(24,901)	165,656	NM
Non-tax deductible / (non-taxable) items and other adjustments:							
Property management fees paid / payable in Units	831	371	124.0%		831	713	16.5%
Management fees paid / payable in Units	2,947	1,558	89.2%		5,974	2,867	108.4%
Trustee's fees	232	115	101.7%		519	185	180.5%
Amortisation of borrowing costs	1,832	1,172	56.3%		4,628	2,349	97.0%
Net change in fair value of investment properties	29,704	(155,415)	NM		29,704	(155,415)	NM
Amortisation of leasing costs	131	33	NM		222	37	NM
Net change in fair value of other investment and derivative financial investments	2,891	(17,831)	NM		18,257	(15,328)	NM
Deferred income tax expense	-	20,000	NM		-	20,000	NM
Effect of recognising accounting income on a straightline basis over the lease terms	(1,038)	(332)	NM		(2,050)	(612)	NM
Unrealised foreign exchange gains	(10,639)	-	NM		(836)	-	NM
Reversal of allowance for impairment of receivables	-	-	NM		(2,009)	-	NM
Other adjustments <sup>(9)</sup>	730	1,073	(32.0%)		(1,843)	398	NM
Net effect of non-tax deductible / (non-taxable) items and other adjustments	27,621	(149,256)	NM		53,397	(144,806)	NM
<b>Available for distribution to Unitholders <sup>(10)</sup></b>	<b>17,173</b>	<b>12,900</b>	<b>33.1%</b>		<b>28,496</b>	<b>20,850</b>	<b>36.7%</b>
Comprises:							
- from operations	8,900	6,443			20,223	14,393	
- from Unitholder contributions	8,273	6,457			8,273	6,457	

NM – not meaningful

**Footnotes**

- (1) Gross revenue includes base rental income, car park income, service charges (payable by the tenants towards property expenses of the properties such as air-conditioning, utility charges and cleaning charges), public car park revenue, turnover rent, income support and distributions from AWPF.
- (2) Other property operating expenses include property expenses for the operation, management and marketing of the properties owned by the Group, except for China Square Central. All property expenses for China Square Central except for the Property Manager's fee, are borne by Unicorn Square Limited ("Unicorn") under a master lease agreement with the Trustee dated 30 March 2006 (the "Master Lease") and are therefore not recognised by Allco REIT. Allco REIT does not recognise any property expenses in relation to AWPF as AWPF is accounted for as other investments. The breakdown of the "other property operating expenses" by major items and by property is as follows:-

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*Other property operating expenses (By major items)*

	<b>2Q2008</b> <b>S\$'000</b>	<b>2Q2007</b> <b>S\$'000</b>	<b>1H2008</b> <b>S\$'000</b>	<b>1H2007</b> <b>S\$'000</b>
Property maintenance expenses	1,640	874	3,068	1,373
Utilities	1,307	388	2,581	782
Other professional fees	1,005	283	1,892	555
Insurance	104	69	208	158
Council rates	227	-	451	-
Amortisation of leasing commission	131	33	222	37
Other operating expenses	82	89	167	247
<b>Total</b>	<b>4,496</b>	<b>1,736</b>	<b>8,589</b>	<b>3,152</b>

*Other property operating expenses (By property)*

	<b>2Q2008</b> <b>S\$'000</b>	<b>2Q2007</b> <b>S\$'000</b>	<b>1H2008</b> <b>S\$'000</b>	<b>1H2007</b> <b>S\$'000</b>
China Square Central	9	-	19	-
55 Market Street	288	187	554	319
KeyPoint	809	-	1,542	-
Central Park	1,896	1,549	3,482	2,833
Centrelink Headquarters	434	-	809	-
Cosmo Plaza	501	-	1,042	-
Galleria Otemae	402	-	830	-
Ebara Techno-Serve	50	-	101	-
Azabu Aco	107	-	210	-
<b>Total</b>	<b>4,496</b>	<b>1,736</b>	<b>8,589</b>	<b>3,152</b>

- (3) This represents realised foreign exchange losses and unrealised foreign exchange gains of S\$0.2 million and S\$10.7 million respectively.

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- (4) *Trust expenses include management fees, trustee's fees, audit fees, and legal and other professional advisory fees. The composition by major items in "Trust Expenses" is as follows:-*

	<b>Group 2Q2008 S\$'000</b>	<b>Group 2Q2007 S\$'000</b>	<b>Group 1H2008 S\$'000</b>	<b>Group 1H2007 S\$'000</b>
Management fees	2,947	1,558	5,974	2,867
Trustee's fees	232	115	519	185
Audit fees	216	76	279	134
Professional and legal fees	462	88	578	113
Other expenses	912	224	1,034	397
<b>Total</b>	<b>4,769</b>	<b>2,061</b>	<b>8,384</b>	<b>3,696</b>

- (5) *Realised gains on derivative financial instruments represents the gains from termination of three interest rate swaps entered into by the Trust. Following these terminations, as at 30 June 2008, Allco REIT has interest rate swaps hedging its interest rate risks over 63.7% of its Singapore dollar and Japanese Yen Bi-Lateral Cash Advance Facility debts.*
- (6) *Refer to section 8 on page 16, "Valuation of the investment properties as at 30 June 2008".*
- (7) *This represents the changes in fair values of the Group's investment in AWPf and in derivative financial instruments. The derivative financial instruments comprise foreign currency options, foreign currency forward contracts and interest rate swaps, entered into by the Trust to manage its foreign currency and interest rate risks.*

	<b>2Q2008 S\$'000</b>	<b>2Q2007 S\$'000</b>	<b>1H2008 S\$'000</b>	<b>1H2007 S\$'000</b>
Change in fair value of interest in AWPf	(16,059)	11,625	(16,198)	12,314
Change in fair value of derivative financial instruments	13,168	6,206	(2,059)	3,014
<b>Fair value movements</b>	<b>(2,891)</b>	<b>17,831</b>	<b>(18,257)</b>	<b>15,328</b>

- (8) *Income tax expense for 1H2008 includes income tax and withholding tax provisions of S\$0.3 million arising from the subsidiaries of the Trust.*
- (9) *Other adjustments comprise primarily the differences between the cash available to be distributed and the accounting profit available for distribution in foreign jurisdictions and other non-tax deductible/ non-taxable items.*
- (10) *Allco REIT's distribution policy is to distribute 100.0% of its taxable income and tax-exempt income for the financial period from 12 September 2005 (date of constitution) to 31 December 2006 and for the financial year ended 31 December 2007, and thereafter to distribute at least 90.0% of its taxable income and tax-exempt income. Allco REIT will distribute 100.0% of its taxable income and tax-exempt income for 1H2008, from 1 January 2008 to 30 June 2008.*

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1(b)(i) Balance Sheets, together with a comparative statement as at the end of the immediately preceding financial year

	<b>Group 30/06/08 S\$'000</b>	<b>Group 31/12/07 S\$'000</b>	<b>Trust 30/06/08 S\$'000</b>	<b>Trust 31/12/07 S\$'000</b>
<b>Non-current assets</b>				
Investment properties <sup>(1)</sup>	1,866,789	1,876,105	1,089,900	1,089,900
Subsidiaries	-	-	570,293	570,293
Other investments <sup>(2)</sup>	47,483	75,090	-	-
Other receivables <sup>(3)</sup>	10,000	10,000	10,000	10,000
Deferred tax assets <sup>(4)</sup>	2,049	2,366	-	-
	<b>1,926,321</b>	<b>1,963,561</b>	<b>1,670,193</b>	<b>1,670,193</b>
<b>Current assets</b>				
Trade and other receivables	8,667	10,182	23,585	18,570
Derivative financial instruments <sup>(5)</sup>	2,390	2,378	2,390	2,378
Cash and cash equivalents	60,833	61,838	29,667	33,803
	<b>71,890</b>	<b>74,398</b>	<b>55,642</b>	<b>54,751</b>
<b>Total assets</b>	<b>1,998,211</b>	<b>2,037,959</b>	<b>1,725,835</b>	<b>1,724,944</b>
<b>Current liabilities</b>				
Trade and other payables	31,065	37,309	37,493	26,050
Interest-bearing borrowings (net of transaction costs) <sup>(6)</sup>	69,422	615,857	69,422	615,857
Derivative financial instruments <sup>(5)</sup>	6,065	4,252	6,065	4,252
Provision for taxation	1,844	810	891	891
	<b>108,396</b>	<b>658,228</b>	<b>113,871</b>	<b>647,050</b>
<b>Non-current liabilities</b>				
Deferred tax liability <sup>(4)</sup>	62,806	63,734	-	-
Interest-bearing borrowings (net of transaction costs) <sup>(6)</sup>	803,874	266,324	663,645	125,859
	<b>866,680</b>	<b>330,058</b>	<b>663,645</b>	<b>125,859</b>
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>	<b>975,076</b>	<b>988,286</b>	<b>777,516</b>	<b>772,909</b>
<b>Net assets attributable to Unitholders</b>	<b>1,023,135</b>	<b>1,049,673</b>	<b>948,319</b>	<b>952,035</b>

**Footnotes**

- (1) Galleria Otemae, Azabu Aco and Ebara Techno-Serve were acquired on 26 September 2007, and were valued by Rich Appraisal Institute Co., Ltd as at 1 July 2007. KeyPoint was acquired on 31 October 2007 and was valued by Savills (Singapore) Pte Ltd as at 1 October 2007. China Square Central, 55 Market Street and Central Park were valued at their fair values based on independent valuations as at

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28 December 2007. Both China Square Central and 55 Market Street were valued by Savills (Singapore) Pte Ltd, whilst Central Park was valued by CB Richard Ellis Pty Ltd. Centrelink Headquarters and Cosmo Plaza were valued at their fair values based on independent valuations as at 30 June 2008. Centrelink Headquarters was valued by Colliers International Consultancy and Valuation Pty Limited and Cosmo Plaza was valued by K.K. Halifax Associates. As at 30 June 2008, the carrying amounts of these properties approximate their fair values.

- (2) Other investments of the Group represent the investment in AWPf. As at 30 June 2008, Allco REIT held 39,758,513 units (2Q2007:48,000,000 units) in AWPf at the unit price of A\$0.91100.
- (3) Other receivables relate to amounts due from Unicorn, the vendor of China Square Central, for future capital, advertising and promotion expenditure in relation to the property.
- (4) Deferred tax is provided for in respect of the potential capital gains or losses arising from the fair value of the overseas properties and the investment in AWPf.
- (5) The derivative financial instruments relate to the fair values of interest rate swaps transacted to manage interest rate risk, and the fair values of foreign currency swaps and forward contracts transacted to manage currency fluctuations on the foreign currency denominated income of the Group. The breakdown of the "derivative financial instruments" is as follows:-

"Derivative financial instruments" in Current Assets

	<b>Group 30/06/08 S\$'000</b>	<b>Group 31/12/07 S\$'000</b>	<b>Trust 30/06/08 S\$'000</b>	<b>Trust 31/12/07 S\$'000</b>
Mark-to-market values on:-				
- Interest rates swaps	2,139	2,196	2,139	2,196
- Foreign currency swaps and forward contracts	251	182	251	182
<b>Total</b>	<b>2,390</b>	<b>2,378</b>	<b>2,390</b>	<b>2,378</b>

"Derivative financial instruments" in Current Liabilities

	<b>Group 30/06/08 S\$'000</b>	<b>Group 31/12/07 S\$'000</b>	<b>Trust 30/06/08 S\$'000</b>	<b>Trust 31/12/07 S\$'000</b>
Mark-to-market values on:-				
- Interest rates swaps	667	3,048	667	3,048
- Foreign currency swaps and forward contracts	5,398	1,204	5,398	1,204
<b>Total</b>	<b>6,065</b>	<b>4,252</b>	<b>6,065</b>	<b>4,252</b>

- (6) Please refer to section 1(b)(ii) for details of the borrowings and collateral.

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**1(b)(ii) Aggregate amount of borrowings and debt securities**

*Details of borrowings and collateral*

	<b>Group 30/6/08 S\$'000</b>	<b>Group 31/12/07 S\$'000</b>
<b>Secured borrowings (excluding transaction costs)</b>		
Amount repayable in one year or less	70,000	620,000
Amount repayable after one year	817,583	268,416
<b>Unsecured borrowings</b>		
Amount repayable in one year or less, or on demand	Nil	Nil
	<b>887,583</b>	<b>888,416</b>

- 1) A loan note facility has been arranged by CBA Asia Limited in three tranches ("**Loan Note Facility**"). The details of the Loan Note Facility are described in the table below. On 8 May 2008, Allco REIT entered into an agreement to extend the maturity date of two of the tranches of the loan notes, effective 31 May 2008.

*Details of Loan Note Facility*

<b>Tranche</b>	<b>Issue Date</b>	<b>Facility Limit S\$m</b>	<b>Outstanding Loan Notes S\$m</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
A	30 March 2006	179.0	179.0	Floating Interest Rate of the relevant Singapore three month swap offer rate ("SOR") plus a margin	31 December 2009 <sup>1</sup>
B	22 November 2006	70.0	70.0	SOR plus a margin	22 November 2008
C	31 October 2007	371.0	371.0	SOR plus a margin	31 December 2009 <sup>1</sup>

As security for the Loan Note Facility, the Trustee and its relevant subsidiaries have granted certain collateral in favour of a security trustee on behalf of certain financiers including:

1. a first registered mortgage over its interests in China Square Central, 55 Market Street, Central Park and KeyPoint;
2. equitable mortgages over all units and shares (as applicable) issued in each of the following Allco REIT subsidiaries:
  - a. ARC Trust;
  - b. Allco Investments No.3 Pty Limited;
  - c. Allco Sub No.1 Pte. Ltd.;
  - d. Allco Investments No.1 Pte. Ltd.

<sup>1</sup> On or before 31 July 2009, the Trustee as issuer of loan notes under the Loan Note Facility must redeem sufficient loan notes so that the aggregate amount outstanding under Facility A and Facility C of the Loan Note Facility as at 1 August 2009 is no more than S\$150.0 million.

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- e. *Allco Investments No.2 Pte. Ltd.; and*
  - f. *Central Park Landholding Trust.*
3. *an equitable mortgage over 50.0% of the units issued in the Athllon Drive Landholding Trust (the trust that holds the legal title to Centrelink Headquarters);*
  4. *an equitable mortgage over the units issued to Allco Investments No.2 Pte. Ltd. in AWPf;*
  5. *registered fixed and floating charges over all the assets of Central Park Landholding Trust and ARC Trust;*
  6. *security assignments over the relevant leases, lease guarantees, insurance contracts, income support deeds and sale and purchase agreements in respect of China Square Central, 55 Market Street, Central Park and KeyPoint;*
  7. *registered charges over the rental proceeds accounts into which the rent in respect of China Square Central, 55 Market Street, Central Park, and KeyPoint will be paid; and*
  8. *registered charges over the accounts into which distributions and dividends from Allco REIT subsidiaries will be paid.*

(together "**Loan Note Collateral**").

- 2) *A Japanese Yen Bi-Lateral Cash Advance Facility equivalent to ¥9,783,587,805 was arranged with Commonwealth Bank of Australia, Singapore Branch based on a JPY LIBOR BBA rate plus margin. The loan will mature on 10 September 2012. This facility is secured against the Loan Note Collateral described above.*
- 3) *A S\$12,000,000 Revolving Loan Facility was arranged with Commonwealth Bank of Australia, Singapore Branch based on SOR plus a margin. This loan will mature on 22 April 2009 following the extension to its maturity date on 21 April 2008. This facility is secured against the Loan Note Collateral described above.*
- 4) *Two Japanese Yen Fixed Rate Term Specified Bond Facilities, of ¥3,900,000,000 and ¥7,140,000,000, were arranged with Credit Suisse Securities (Japan) Limited with fixed interest rates of 3.01% and 2.44% respectively. The bonds will mature on 1 August 2012 and 1 November 2012 respectively. The bondholders have recourse to the issuer of the bonds, a tokutei mokuteki kaisha (an entity established under the Japan Law Regarding Securitisation of Assets (No.105 of 1998, as amended)), which is an indirect wholly owned subsidiary of Allco REIT, and which holds a beneficial interest in the relevant trust that holds legal title to each of Cosmo Plaza, Galleria Otemae, Azabu Aco and Ebara Techno-Serve.*

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**1(c) Consolidated Cash Flow Statement**

	<b>2Q2008</b> <b>S\$'000</b>	<b>2Q2007</b> <b>S\$'000</b>	<b>1H2008</b> <b>S\$'000</b>	<b>1H2007</b> <b>S\$'000</b>
<b>Operating activities:</b>				
Total return before income tax	(10,557)	183,648	(24,585)	187,522
<b>Adjustments for:</b>				
Finance costs	7,087	3,715	14,033	7,802
Distribution income from other investment	(573)	(5,146)	(1,068)	(5,984)
Effect of recognising accounting income on a straight-line basis over the lease term	(1,038)	-	(2,050)	-
Reversal of allowance for impairment of receivables	-	-	(2,009)	-
Foreign exchange differences	(10,351)	232	(547)	214
Amortisation of leasing fees capitalised	131	-	222	-
Interest income	(519)	(894)	(1,144)	(2,182)
Management fees paid / payable in Units	2,947	1,558	5,974	2,867
Net change in fair value of other investment and derivative financial instruments	2,891	(17,831)	18,257	(15,328)
Net change in fair value of investment properties	29,704	(155,415)	29,704	(155,415)
Amortisation of borrowing costs	1,832	-	4,628	-
Realised gains on derivative financial instruments	(3,936)	-	(3,936)	-
Property management fee paid / payable in Units	831	371	831	713
<b>Operating income before working capital changes</b>	<b>18,449</b>	<b>10,238</b>	<b>38,310</b>	<b>20,209</b>
Changes in working capital:				
Trade and other receivables	6,743	(15,682)	7,718	(9,653)
Trade and other payables	(3,341)	9,833	(11,750)	8,650
<b>Cash generated from operating activities</b>	<b>21,851</b>	<b>4,389</b>	<b>34,278</b>	<b>19,206</b>
Tax paid	(2,232)	-	(2,248)	-
<b>Net cash provided by operating activities</b>	<b>19,619</b>	<b>4,389</b>	<b>32,030</b>	<b>19,206</b>

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	<b>2Q2008</b>	<b>2Q2007</b>	<b>1H2008</b>	<b>1H2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Investing activities:</b>				
Capital expenditure on investment properties	(387)	(1,538)	(1,057)	(2,310)
Interest received	519	894	1,144	2,182
Proceeds from disposal of investment	-	-	11,408	-
Distribution received	573	885	1,068	1,546
<b>Cash generated from/(utilised in) investing activities</b>	<b>705</b>	<b>241</b>	<b>12,563</b>	<b>1,418</b>
<b>Financing activities:</b>				
Borrowings repaid	(6,875)	-	-	-
Proceeds from realisation of derivative financial instruments	3,936	-	3,936	-
Finance costs paid	(6,293)	(2,541)	(10,453)	(5,454)
Distribution paid	-	-	(26,402)	(15,115)
Decrease in restricted cash	2,005	-	22,841	-
Transaction costs on borrowings	(5,721)	-	(12,864)	-
<b>Cash utilised in financing activities</b>	<b>(12,948)</b>	<b>(2,541)</b>	<b>(22,942)</b>	<b>(20,569)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,376</b>	<b>2,089</b>	<b>21,651</b>	<b>55</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45,002</b>	<b>6,130</b>	<b>26,485</b>	<b>8,164</b>
Effect of exchange rate changes	(4,057)	-	185	-
<b>Cash and cash equivalents at end of period <sup>(1)</sup></b>	<b>48,321</b>	<b>8,219</b>	<b>48,321</b>	<b>8,219</b>

**Footnotes**

- (1) For purposes of the consolidated Cash Flow Statement, the consolidated cash and cash equivalents comprised the following:

	<b>30/06/2008</b>	<b>30/06/2007</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Bank and cash balances	60,833	8,219
Fixed deposits	-	-
<b>Cash and cash equivalents at end of the period</b>	<b>60,833</b>	<b>8,219</b>
Less: Restricted cash and deposits pledged - reserves and advance deposit	(12,512)	-
<b>Cash and cash equivalents in the consolidated cash flow statements</b>	<b>48,321</b>	<b>8,219</b>

- \* Restricted cash and deposits pledged represent bank deposits that are not freely available for use by the Group which comprise bank deposits in Japan required to be maintained to comply with the requirements of the Japanese Yen Fixed Rate Term Specified Bond Facilities (Please refer to section 1(b)(ii) on the specified bond facilities) and a bank deposit held in escrow in Singapore for purposes of the income support deed in relation to KeyPoint.

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**1(d)(i) Statements of changes in net assets attributable to Unitholders**

	<b>Group 1H2008 S\$'000</b>	<b>Group 1H2007 S\$'000</b>	<b>Trust 1H2008 S\$'000</b>	<b>Trust 1H2007 S\$'000</b>
<b>Operations</b>				
Balance at beginning of period	358,364	98,494	263,901	65,040
Change in net assets attributable to Unitholders from operations	(24,901)	165,657	15,881	118,881
Distributions to Unitholders	(25,555)	(14,719)	(25,555)	(14,719)
Balance at end of period	307,908	249,432	254,227	169,202
<b>Unitholders contributions</b>				
Balance at beginning of period	674,743	470,402	688,134	479,022
Issue of Units:-				
- Management and property management fees <sup>(1)</sup>	6,805	3,920	6,805	3,920
Distribution to Unitholders	(847)	(396)	(847)	(396)
Balance at end of period	680,701	473,926	694,092	482,546
<b>Foreign currency translation reserve</b>				
Balance at beginning of period	16,566	10,520	-	-
Movement for the period	17,960	22,793	-	-
Balance at end of period	34,526	33,313	-	-
<b>Balance of net assets attributable to Unitholders at end of period</b>	<b>1,023,135</b>	<b>756,671</b>	<b>948,319</b>	<b>651,748</b>

**1(d)(ii) Details of any changes in Units**

	<b>2Q2008 Units</b>	<b>2Q2007 Units</b>	<b>1H2008 Units</b>	<b>1H2007 Units</b>
<b>Issued Units as at beginning of period</b>	705,933,503	495,588,151	700,731,701	495,310,734
Management / property management fees paid in Units <sup>(1)</sup>	3,664,817	1,284,955	8,866,619	1,562,372
<b>Issued Units as at end of period</b>	<b>709,598,320</b>	<b>496,873,106</b>	<b>709,598,320</b>	<b>496,873,106</b>
Management / property management fees payable in Units <sup>(2)</sup>	5,043,638	1,692,258	5,043,638	1,692,258
Rights issue	-	198,749,242	-	198,749,242
<b>Issued and issuable Units as at end of period</b>	<b>714,641,958</b>	<b>697,314,606</b>	<b>714,641,958</b>	<b>697,314,606</b>

**Footnotes**

- (1) 3.7 million Units were issued on 18 April 2008 to the Manager as payment for management fee for the quarter ended 31 March 2008.
- (2) Approximately 3.9 million Units and 1.1 million Units are expected to be issued by end of July 2008 to the Manager and the Property Manager respectively as payment for management and property management

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fees for the quarter ended 30 June 2008. The price of Units issued will be determined based on the VWAP of the Units for the ten business days preceding the date of issue pursuant to the Trust Deed and the Property Management Agreement.

- (3) Management and property management fees paid/payable in Units comprise the following:-

	<b>Management Fee</b>	<b>Property Management Fee</b>
31-Dec-06	-	277,417
31-Mar-07	1,018,491	266,464
30-Jun-07	1,312,076	311,944
30-Sep-07	1,786,862	471,990
31-Dec-07	4,102,141	1,099,661
31-Mar-08 *	3,664,817	-
30-Jun-08 **	3,934,034	1,109,604
	<b>15,818,421</b>	<b>3,537,080</b>

\* Property management fees, S\$0.8 million, in 1Q2008 were paid in cash.

\*\* Payable in Units (estimate as per note (2) above)

2. **Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. The Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", or an equivalent standard).**

The figures have not been audited nor reviewed by the Trust's auditors.

3. **Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied**

Allco REIT has adopted the same accounting principles and methods of computation as set out in the audited financial statements for the financial year ended 31 December 2007.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

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**6. Consolidated Earnings per Unit (“EPU”) and available for distribution per Unit (“DPU”) for the financial period**

	<b>Actual 2Q2008 Units</b>	<b>Actual 2Q2007 Units</b>	<b>Actual 1H2008 Units</b>	<b>Actual 1H2007 Units</b>
Weighted average number of Units	704,161,461	495,455,605	704,161,461	495,455,605
Earnings per Unit (cents) - basic and diluted on the weighted average number of Units on issue				
-Basic	(1.48)	32.73	(3.54)	33.44
-Fully diluted	(1.48)	32.73	(3.54)	33.44
Number of units issued and issuable at end of period	714,641,958	697,314,606	714,641,958	697,314,606
Available for distribution per Unit (cents) - basic and diluted based on the total number of Units on issue	2.40	1.85	3.99	2.99

The diluted EPU and DPU are the same as the basic EPU and DPU as there are no dilutive instruments on issue during the period.

**7. Net asset value per Unit based on issued and issuable Units at the end of the period**

	<b>Group 30/06/2008 S\$</b>	<b>Group 31/12/2007 S\$</b>	<b>Trust 30/06/2008 S\$</b>	<b>Trust 31/12/2007 S\$</b>
Number of units issued and issuable at end of period	714,641,958	705,933,503	714,641,958	705,933,503
Net Asset Value at end of period ('000)	1,023,135	1,049,673	948,319	952,035
Net Asset Value per Unit	1.43	1.49	1.33	1.35
Adjusted Net Asset Value per Unit (excluding distributable income)	1.39	1.45	1.29	1.31

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**8. Review of performance – Variance between actual results for the period 1 April 2008 to 30 June 2008 (“2Q2008”) and 1 April 2007 to 30 June 2007 (“2Q2007”).**

Gross revenue for 2Q2008 was 57.9% higher than the corresponding period in the prior year mainly due to the following:

- higher revenue achieved from Central Park of S\$8.1 million (2007: S\$7.1 million) as a result of higher rental rates achieved, higher outgoing recoverables and carpark income in 2Q2008.
- revenue contribution from 55 Market Street of S\$1.8 million (2007: S\$0.9 million) for the quarter. 55 Market Street was acquired in November 2006 with vacant possession and fully leased by May 2007.
- contributions from properties that were acquired after 2Q2007, being Centrelink Headquarters (S\$3.1 million contribution to gross revenue), Cosmo Plaza (S\$1.9 million contribution to gross revenue), Azabu Aco (S\$0.4 million contribution to gross revenue), Galleria Otemae (S\$1.4 million contribution to gross revenue), Ebara Techno-Serve (S\$0.5 million contribution to gross revenue) and KeyPoint (S\$5.4 million contribution to gross revenue).

In line with the increased revenue from the properties acquired in 2007, property operating expenses have also increased in 2Q2008 as compared to 2Q2007. The higher property operating expenses comprise mainly higher property management fees of S\$0.8 million (2007: S\$0.4 million), higher property tax of S\$1.1 million (2007: S\$0.1 million) and the additional property operating expenses from the properties acquired in 2007. These properties contributed an additional S\$2.3 million to other operating expenses. Please refer to page 4 for the composition of the other property operating expenses. In addition, the property operating expenses for Central Park were also higher in 2Q2008 due to higher tenant rechargeable expenses.

Other income of S\$10.5 million comprises primarily unrealised foreign exchange gain on the Japanese Yen borrowings extended under the Japanese Yen Bi-Lateral Cash Advance Facility as a result of the Japanese Yen weakening against the Singapore dollar as at 30 June 2008. It should be noted that there is a corresponding decrease in the carrying values of the investment properties in Japan as a result of the weakening of the Japanese Yen against the Singapore dollar. The effect of this foreign exchange movement is taken to the foreign currency translation reserve (see section 1(d)(i)).

Trust expenses for 2Q2008 were S\$2.7 million higher than that for 2Q2007 mainly due to management fees paid to the Manager amounting to S\$2.9 million (2007: S\$1.6 million), higher audit, professional and legal fees and other expenses such as travelling.

Allco REIT terminated three interest rate swaps on 13 June 2008 resulting in realised gains of S\$3.9 million. The termination was made possible due to an increase in market-based fixed term interest rate swaps above the fixed interest rate swaps previously contracted by Allco REIT. As a result, Allco REIT is partially exposed to lower short term floating interest rates.

Finance costs were S\$5.2 million higher in 2Q2008 (S\$8.9 million) as compared to 2Q2007 (S\$3.8 million) due mainly to additional bank borrowings utilised to fund the acquisitions of Cosmo Plaza, Galleria Otemae, Azabu Aco, Ebara Techno-Serve and KeyPoint, and higher margins and fixed based interest rates paid on borrowings.

Net change in fair value of other investment and derivative financial instruments for 2Q2008 arose from unrealised gains of S\$13.2 million from the derivative financial instruments entered into by Allco REIT offset by loss in the fair value of the investment in AWPf of S\$16.1 million. Allco REIT had entered into interest rate swaps to fix the base interest rates on its bank loans when it acquired each of its properties. These derivative financial instruments are carried at fair value, and resulted in an unrealised loss of S\$15.2 million in 1Q2008 due to the decline in market interest rates. These interest rates have increased in 2Q2008, resulting in a reversal of the unrealised losses of S\$13.2 million. The loss in the fair value of AWPf is mainly due to the downward valuation of the properties in its portfolio as at 30 June 2008.

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**Review of performance – Variance between actual results for the period 1 January 2008 to 30 June 2008 (“2H2008”) and 1 January 2007 to 30 June 2007 (“2H2007”).**

The gross revenue, property operating expenses and net property income for 1H2008 were significantly higher than 1H2007 due to the six new properties acquired by Allco REIT during the second half of FY2007. These new properties contributed total gross revenue, property operating expenses and net property income of S\$25.9 million, S\$7.2 million and S\$18.7 million respectively for 1H2008. Higher rental income achieved from rent renewals at Central Park also contributed to the growth in the net property income for 1H2008. It should be noted that the gross revenue for 1H2007 included a one-off S\$4.3 million from AWPf arising from its profit on the sale on 222 Exhibition Street in Melbourne, Australia.

Similarly, trust expenses were significantly higher in 1H2008 than those in 1H2007 mainly due to the cost of management of the additional assets in the portfolio. Finance costs for 1H2008 were S\$10.9 million higher than those for 1H2007 due to the additional borrowings undertaken by the Group in funding the acquisition of new properties and increased borrowing costs for the extended debt term.

The net change in the fair value of the investment properties in 1H2008 was a loss of S\$29.7 million, as compared to a gain of S\$155.4 million for 1H2007. The valuations of the investment properties for 1H2008 and 1H2007 were completed by independent professional valuers (see below).

Net change in fair value of other investment and derivative financial instruments for 1H2008 arose from unrealised losses of S\$2.1 million from the derivative financial instruments entered into by Allco REIT and losses in the fair value of the investment in AWPf of S\$16.2 million. Allco REIT had entered into interest rate swaps to fix the interest rates on its bank loans when it acquired each of its properties. As market interest rates have declined since the dates that these interest rate swaps were entered into, unrealised losses have arisen from fair-valuing these interest rate swaps at the balance sheet date. The loss in the fair value of AWPf is mainly due to the downward valuation of the properties in its portfolio as at 30 June 2008.

**Valuation of the investment properties as at 30 June 2008**

Galleria Otemae, Azabu Aco and Ebara Techno-Serve were acquired on 26 September 2007, and were valued by Rich Appraisal Institute Co., Ltd as at 1 July 2007. KeyPoint was acquired on 31 October 2007 and was valued by Savills (Singapore) Pte Ltd as at 1 October 2007. China Square Central, 55 Market Street and Central Park were valued at their fair values based on independent valuations as at 28 December 2007. Both China Square Central and 55 Market Street were valued by Savills (Singapore) Pte Ltd, whilst Central Park was valued by CB Richard Ellis Pty Ltd. As at 30 June 2008, the carrying amounts of these investment properties approximate their fair values. Centrelink Headquarters and Cosmo Plaza were valued at their fair values of S\$122.9<sup>1</sup> million and S\$77.1<sup>2</sup> million respectively based on independent valuations as at 30 June 2008. Centrelink Headquarters was valued by Colliers International Consultancy and Valuation Pty Limited and Cosmo Plaza was valued by K.K. Halifax Associates.

The valuations of the investment properties were carried out by licensed and experienced valuers using the capitalisation approach and discounted cash flow analysis.

Based on the valuations, the carrying amounts of these investment properties were adjusted to reflect their total fair value of S\$1,866.8 million.

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<sup>1</sup> A\$1.00:S\$1.3110 as at 30 June 2008.

<sup>2</sup> JPY1.00:S\$0.01285 as at 30 June 2008.

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**9. Variance between the forecast or prospect statement and the actual results**

**9(a) Consolidated Income Statement (for the Group) Actual vs. Forecast**

	2Q2008			1H2008		
	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc/(Dec) %	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc/(Dec) %
<b>Gross revenue</b> <sup>(2)</sup>	<b>27,624</b>	<b>16,119</b>	<b>71.4%</b>	<b>56,063</b>	<b>32,238</b>	<b>73.9%</b>
<b>Property operating expenses</b>						
- Maintenance expenses	(381)	(161)	136.6%	(707)	(321)	120.2%
- Property management fees	(831)	(463)	79.5%	(1,648)	(926)	78.0%
- Property tax	(1,107)	(242)	NM	(2,227)	(484)	NM
- Other property operating expenses	(4,496)	(1,645)	173.3%	(8,589)	(3,290)	161.1%
	<b>(6,815)</b>	<b>(2,511)</b>	<b>171.4%</b>	<b>(13,171)</b>	<b>(5,021)</b>	<b>162.3%</b>
<b>Net property income</b>	<b>20,809</b>	<b>13,608</b>	<b>52.9%</b>	<b>42,892</b>	<b>27,217</b>	<b>57.6%</b>
Interest income	519	51	NM	1,144	102	NM
Other income	10,462	-	NM	440	-	NM
Trust expenses	(4,769)	(2,364)	101.7%	(8,384)	(4,728)	77.3%
Reversal of allowance for impairment of receivables	-	-	NM	2,009	-	NM
Derivative financial instruments realised	3,936	-	NM	3,936	-	NM
Finance costs	(8,919)	(2,705)	NM	(18,661)	(5,410)	NM
<b>Total return before net changes in fair values of investment properties, other investment and derivative financial instruments, income tax and distribution</b>	<b>22,038</b>	<b>8,590</b>	<b>156.6%</b>	<b>23,376</b>	<b>17,181</b>	<b>36.1%</b>
Net gain/(loss) on changes in fair values of investment properties, other investment and derivative financial instruments	(32,595)	-	NM	(47,961)	-	NM
<b>Total return before income tax</b>	<b>(10,557)</b>	<b>8,590</b>	<b>NM</b>	<b>(24,585)</b>	<b>17,181</b>	<b>NM</b>
Income tax credit/(expense)	109	(352)	NM	(316)	(704)	(55.1%)
<b>Total return for the period</b>	<b>(10,448)</b>	<b>8,238</b>	<b>NM</b>	<b>(24,901)</b>	<b>16,477</b>	<b>NM</b>
Non-tax deductible / (non-taxable) items and other adjustments:						
Property management fees paid / payable in Units	831	463	79.5%	831	926	(10.3%)
Management fees paid / payable in Units	2,947	1,604	83.7%	5,974	3,208	86.2%
Trustee's fees	232	-	NM	519	-	NM
Amortisation of borrowing costs	1,832	1,208	51.7%	4,628	2,417	91.5%
Net change in fair value of investment properties	29,704	-	NM	29,704	-	NM
Amortisation of leasing commission	131	51	156.9%	222	102	117.6%
Net change in fair value of other investment and derivative financial instruments	2,891	-	NM	18,257	-	NM
Unrealised foreign exchange losses	(10,639)	-	NM	(836)	-	NM
Effect of recognising accounting income on a straightline basis over the lease terms	(1,038)	(921)	12.7%	(2,050)	(1,841)	11.4%
Allowance for impairment of receivables	-	-	NM	(2,009)	-	NM
Other adjustments	730	-	NM	(1,843)	-	NM
Net effect of non-tax deductible / (non-taxable) items and other adjustments	<b>27,621</b>	<b>2,405</b>	<b>NM</b>	<b>53,397</b>	<b>4,812</b>	<b>NM</b>
<b>Available for distribution to Unitholders</b>	<b>17,173</b>	<b>10,643</b>	<b>61.4%</b>	<b>28,496</b>	<b>21,289</b>	<b>33.9%</b>
<b>Number of Units Issued and Issuable at end of period</b> <sup>(3)</sup>	<b>714,642</b>	<b>708,262</b>	<b>0.9%</b>	<b>714,642</b>	<b>708,262</b>	<b>0.9%</b>
<b>Available distribution per Unit (in cents)</b>	<b>2.40</b>	<b>1.50</b>	<b>60.0%</b>	<b>3.99</b>	<b>3.01</b>	<b>32.6%</b>

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**Footnotes**

- (1) *The forecast, for both 2Q2008 and 1H2008, is based on management's forecast for the period FY2008 shown in the Circular dated 26 June 2007 ("Circular"). Allco REIT is required to disclose any variance between the forecast and the actual results for the quarter and the interim period.*
- (2) *The actual gross revenue and expenses from Central Park, Centrelink Headquarters and AWPf have been translated at the average monthly spot exchange rate for the period (being A\$1.00:S\$1.2891). The exchange rate for the forecast on Central Park, Centrelink Headquarters and AWPf is assumed to be A\$1.00:S\$1.1904. The Trust has entered into foreign exchange derivative financial instruments to fix the exchange rates in respect of the forecast income from these investments at these exchange rates.*
- (3) *The forecast number of Units for FY2008 is based on management's forecast shown on page 80 in the Circular.*

**9(b) Breakdown of total gross revenue (by property)**

	2Q2008			1H2008		
	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc./ (Dec.) %	Actual S\$'000	Forecast <sup>(1)</sup> S\$'000	Inc./ (Dec.) %
China Square Central	4,388	4,364	0.5%	8,775	8,727	0.6%
55 Market Street	1,760	1,676	5.0%	3,512	3,352	4.8%
KeyPoint <sup>(3)</sup>	5,407	-	NM	11,080	-	NM
Central Park <sup>(2)</sup>	8,145	6,471	25.9%	16,809	12,944	29.9%
Centrelink Headquarters <sup>(2)</sup>	3,098	2,924	6.0%	6,163	5,848	5.4%
Cosmo Plaza <sup>(3)</sup>	1,910	-	NM	3,868	-	NM
Azabu Aco <sup>(3)</sup>	365	-	NM	736	-	NM
Galleria Otemae <sup>(3)</sup>	1,445	-	NM	2,967	-	NM
Ebara Techno-Serve <sup>(3)</sup>	533	-	NM	1,085	-	NM
AWPF (Distribution) <sup>(2)</sup>	573	684	(16.2%)	1,068	1,367	(21.9%)
<b>Total gross revenue</b>	<b>27,624</b>	<b>16,119</b>	<b>71.4%</b>	<b>56,063</b>	<b>32,238</b>	<b>73.9%</b>

NM – Not Meaningful

**Footnotes:**

- (1) *The forecast, for both 2Q2008 and 1H2008, is based on management's forecast for the period FY2008 shown in the Circular dated 26 June 2007 ("Circular"). Allco REIT is required to disclose any variance between the forecast and the actual results for the quarter and the interim period.*
- (2) *The actual gross revenue and expenses from Central Park, Centrelink Headquarters and AWPf have been translated at the average monthly spot exchange rate for the period (being A\$1.00:S\$1.2891). The exchange rate for the forecast on Central Park, Centrelink Headquarters and AWPf is assumed to be A\$1.00:S\$1.1904. The Trust has entered into foreign exchange derivative financial instruments to fix the exchange rates in respect of the forecast income from these investments at these exchange rates.*
- (3) *Cosmo Plaza, Galleria Otemae, Azabu Aco, Ebara Techno-Serve and KeyPoint are not included in the forecast, as these properties were acquired in 2H2007 following the release of the forecast shown in the Circular.*

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**9(c) Breakdown of net property income (by property)**

	2Q2008			1H2008		
	Actual	Forecast <sup>(1)</sup>	Inc./ (Dec.)	Actual	Forecast <sup>(1)</sup>	Inc./ (Dec.)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
China Square Central	4,247	4,233	0.3%	8,493	8,466	0.3%
55 Market Street	1,233	1,174	5.0%	2,484	2,349	5.7%
KeyPoint <sup>(3)</sup>	4,095	-	NM	8,436	-	NM
Central Park <sup>(2)</sup>	5,587	4,995	11.9%	12,186	9,990	22.0%
Centrelink Headquarters <sup>(2)</sup>	2,571	2,522	1.9%	5,169	5,044	2.5%
Cosmo Plaza <sup>(3)</sup>	1,016	-	NM	2,013	-	NM
Azabu Aco <sup>(3)</sup>	213	-	NM	434	-	NM
Galleria Otemae <sup>(3)</sup>	859	-	NM	1,763	-	NM
Ebara Techno-Serve <sup>(3)</sup>	415	-	NM	846	-	NM
AWPF (Distribution) <sup>(2)</sup>	573	684	(16.2%)	1,068	1,368	(21.9%)
<b>Total net property income</b>	<b>20,809</b>	<b>13,608</b>	<b>52.9%</b>	<b>42,892</b>	<b>27,217</b>	<b>57.6%</b>

NM – Not Meaningful

**Footnotes**

- (1) The forecast, for both 2Q2008 and 1H2008, is based on management's forecast for the period FY2008 shown in the Circular dated 26 June 2007 ("Circular"). Allco REIT is required to disclose any variance between the forecast and the actual results for the quarter and the interim period.
- (2) The actual gross revenue and expenses from Central Park, Centrelink Headquarters and AWPF have been translated at the average monthly spot exchange rate for the period (being A\$1.00:S\$1.2891). The exchange rate for the forecast on Central Park, Centrelink Headquarters and AWPF is assumed to be A\$1.00:S\$1.1904. The Trust has entered into foreign exchange derivative financial instruments to fix the exchange rates in respect of the forecast income from these investments at these exchange rates.
- (3) Cosmo Plaza, Galleria Otemae, Azabu Aco, Ebara Techno-Serve and KeyPoint are not included in the forecast, as these properties were acquired in 2H2007 following the release of the forecast shown in the Circular.

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**Review of Performance – Actual vs. Forecast 1 April 2008 to 30 June 2008**

Gross revenue achieved for the period was S\$11.5 million (71.4%) above forecast. This was mainly due to the following:

- higher revenue from Central Park of S\$1.7 million as a result of higher than forecast rental revenue from a number of leases, higher tenant rechargeable income for air-conditioning and electricity and the effects of the strengthening of the Australian dollar against the Singapore dollar;
- contributions from properties acquired in 2H2007, being Cosmo Plaza, Azabu Aco, Galleria Otemae, Ebara Techno-Serve and KeyPoint. These properties, which were not included in the forecast, contributed an additional S\$9.7 million to gross revenue; and
- lower than forecast distributions from AWPf.

Property operating expenses were higher than forecast mainly due to the addition to Allco REIT's portfolio of Cosmo Plaza, Azabu Aco, Galleria Otemae, Ebara Techno-Serve and KeyPoint, as well as higher tenant rechargeable expenses which are directly recoverable from tenants at Central Park.

The actual results for the quarter included other income of S\$10.5 million, comprising mainly unrealised foreign exchange gains, which were not forecast.

Actual trust expenses were higher than forecast mainly due to higher management fees. Management fees are computed based on a combination of the value of the properties and the performance of Allco REIT for the period. As the portfolio of properties is larger than forecast with the addition of Cosmo Plaza, Azabu Aco, Galleria Otemae, Ebara Techno-Serve and KeyPoint, management fees were higher than forecast.

Actual finance costs were S\$6.2 million above forecast due mainly to interest paid/payable on the additional loans undertaken for the acquisition of Cosmo Plaza, Azabu Aco, Galleria Otemae, Ebara Techno-Serve and KeyPoint, and increased borrowing costs for the extended debt term.

Allco REIT terminated three interest rate swaps on 13 June 2008 resulting in realised gains of S\$3.9 million. The termination was made possible due to an increase in market-based fixed term interest rate swaps above the fixed interest rate swaps previously contracted by Allco REIT. As a result, Allco REIT is partially exposed to lower short term floating interest rates.

The net loss in the fair values of investment properties, other investment and derivative financial instruments was S\$32.6 million, which was not forecast. This was due to:

- the net loss in fair value of investment properties of S\$29.7 million;
- the net loss in fair value of other investment of S\$16.1 million; offset by
- the net gain in fair value of derivative financial instruments of S\$13.2 million

for 2Q2008. The net loss in fair value of investment properties was due to downward revaluation of Centrelink Headquarters and Cosmo Plaza, and the net loss in fair value of other investment was mainly due to a lower unit value (NAV) of AWPf units as at 30 June 2008.

As a result of the above factors, the total return for the period was a loss of S\$10.4 million compared to a profit of S\$8.2 million forecast.

After adjusting for non-tax deductible/non-taxable items, such as the property management and management fees paid in Units, unrealised foreign exchange gains, and change in fair value of other investment and derivative financial instruments, the actual amount available for distribution was S\$6.5 million (61.4%) and S\$7.2 million (33.9%) above forecast for 2Q2008 and 1H2008 respectively.

**Review of Performance – Actual vs. Forecast 1 January 2008 to 30 June 2008 (“1H2008”)**

The actual gross revenue for 1H2008 was S\$23.8 million (73.9%) higher than forecast. This was mainly due to the following:

- contributions from the properties acquired in the second half of FY2007 which were not included in the forecast, being KeyPoint and the four properties in Japan;
- higher than forecast revenue for Central Park, Centrelink Headquarters and 55 Market Street; offset by
- lower than forecast distributions from AWPf.

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Actual property operating expenses for 1H2008 were S\$8.2 million (162.3%) higher than forecast mainly due to the properties acquired in the second half of FY2007 that were not included in the forecast as set out above, as well as higher tenant rechargeable expenses which are directly recoverable from tenants at Central Park.

Trust expenses were S\$3.7 million (77.3%) higher than forecast due to higher management fees. Management fees computations are based on a combination of the value of the properties in Allco REIT's portfolio and the revenue performance for the year. As the portfolio of properties has increased compared to the forecast, management fees were higher than forecast.

Realised gains of S\$3.9 million in derivative financial instruments were not included in the forecast and were related to the termination of three interest rate swaps in 2Q2008. The termination was made possible due to an increase in market-based fixed term interest rate swaps above the fixed interest rate swaps previously contracted by Allco REIT. As a result, Allco REIT is partially exposed to lower short term floating interest rates.

Finance costs for 1H2008 were S\$13.3 million (244.9%) above forecast due to the additional loans entered into during 2H2007 to fund the acquisition of the four properties in Japan and KeyPoint, and increased borrowing costs for the extended debt term.

The net gains on investment properties, other investment and derivative financial instruments amounted to S\$48.0 million, which were not forecast. This was due to:

- the net loss in fair value of investment properties of S\$29.7 million;
- the net loss in fair value of other investment of S\$16.2 million; and
- the net loss in fair value of derivative financial instruments of S\$2.1 million

for 2H2008. The net loss in fair value of investment properties was due to the downward revaluations of Centrelink Headquarters and Cosmo Plaza, the net loss in fair value of other investment was mainly due to a lower unit value (NAV) of AWPf units as at 30 June 2008 and the net loss in fair value of derivative financial instruments was due to the decline in market interest rates.

As a result of the above factors, total return for 1H2008 was a loss of S\$24.9 million, as compared to the forecast profit of S\$16.5 million. After adjusting for the non-tax deductible / non taxable items, total distributable income for 1H2008 was S\$28.5 million, or S\$7.2 million higher than forecast.

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**10. Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next 12 months.**

**Singapore**

Advance estimates from the Singapore Ministry of Trade and Industry<sup>1</sup> showed Singapore's real gross domestic product ("GDP") rose by 1.9% on a year-on-year basis in the second quarter of 2008, down from 6.9% in the first quarter. The International Monetary Fund ("IMF")<sup>2</sup> estimates real GDP to grow by 4.0% in 2008 and 4.5% in 2009, down from 7.7% growth in 2007.

DTZ Debenham Tie Leung ("DTZ") reported that office rental growth has "started to taper off after the meteoric rise last year, reflecting the increased resistance to higher rents". Average rents of prime office in Raffles Place grew by 1.1% quarter on quarter to S\$19.00 psf per month in 2Q2008. In the Shenton Way/Robinson Road/Cecil Street area, average office rents rose by 2.6% quarter on quarter to S\$11.80 psf per month. Office rental growth in other areas like Marina Centre, Orchard Road and Tanjong Pagar were flat in 2Q2008, according to DTZ figures.

Island-wide average occupancy dipped slightly by 0.2% quarter on quarter to 96.9% in 2Q2008. Average occupancy in Raffles Place and Marina Centre dropped 0.3% to 97.4% and 1.2% to 98.6% in 2Q2008 respectively. Supported by comparatively lower rentals, office occupancy in decentralised areas increased by 0.4% quarter on quarter to 98.7% in 2Q2008.

China Square Central and 55 Market Street are strategically located in or are in close proximity to Raffles Place. KeyPoint is located in the emerging growth corridor of the Beach Road area.

**Japan**

According to the IMF, economic growth for Japan is projected at 1.4% in 2008 and 1.5% in 2009, down from 2.1% growth in 2007.

CB Richard Ellis ("CBRE") notes that the vacancy rate for Tokyo office market has increased by 0.2% to 2.0%. This represents a rise for two consecutive quarters. The average asking rent for 1Q2008 increased by 3.5% compared to the previous quarter in the Tokyo 23 Wards office market. The average asking rents increased by 3.6% over the previous quarter in the Tokyo Central 5 Wards market. A recent survey conducted by CBRE suggests that an increasing number of property owners are anxious about the market's outlook due to concern over an economic slowdown.

Office vacancy rates in Osaka increased by 0.1% quarter on quarter to 5.8% in 1Q2008. According to CBRE, this represents the first increase in vacancy rate in 18 quarters. During the period, CBRE notes average asking rents for Osaka fell by 0.2%.

Allco REIT's Japanese properties; Cosmo Plaza, Galleria Otemae, Azabu Aco and Ebara Techno-Serve are located in both the Tokyo and Osaka office markets.

**Australia**

According to the IMF, projected real GDP is expected to grow 3.2% in 2008 and 3.1% in 2009, down from 3.9% growth in 2007.

Preliminary Jones Lang LaSalle ("JLL") reports show tenant demand remained firm during 2Q2008 despite economic uncertainty and nervousness in the financial markets. Vacancy rates remained tight and positive rental growth was recorded, though the rate of growth has slowed for most markets.

The Perth CBD office market saw a 0.7% quarterly increase in the average prime gross effective rents in 2Q2008, down from 6.7% increase in the last quarter. The vacancy rate remained low at 0.1% for the quarter.

In Canberra, the 2Q2008 vacancy rate for prime office increased from 1.4% in the previous quarter to 6.3%. Average prime gross effective office rents increased by 2.8% quarter on quarter from A\$369.00 psm per annum to A\$379.00 psm per annum in 2Q2008.

Allco REIT's Australian properties are located in the Perth CBD and Canberra office markets.

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<sup>1</sup> <http://app.mti.gov.sg/default.asp?id=1>

<sup>2</sup> <http://www.imf.org/external/ns/cs.aspx?id=28>

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**11. Distributions**

**11(a) Current financial period**

**Name of distribution:** Distribution for the period from 1 January 2008 to 30 June 2008

**11(b)(i) Distribution rate** 3.99 cents per Unit.

<b>Distribution type</b>	<b>Distribution for period from 1/1/08 to 30/06/08 (cents)</b>
Taxable income component	2.07
Tax exempt income component	0.76
Capital <sup>(1)</sup>	1.16
<b>Total</b>	<b>3.99</b>

**11(b)(ii) Corresponding period of the preceding financial period**

An interim distribution of 2.99 cents per Unit was declared on 26 July 2007 for the period from 1 January 2007 to 30 June 2007. The distribution was paid on 29 August 2007 and comprised a tax exempt income component of 0.78 cents per Unit, a taxable income component of 1.29 cents per Unit and a capital component of 0.92 cents per Unit.

**11(c) Tax Rate**

Taxable Income distribution

Qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10.0%.

Other investors will receive their distributions after deduction of tax at the rate of 18.0%.

Tax Exempt Income Distribution

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital Distribution

Capital distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units. No tax will be deducted at source from this component.

**Footnotes**

- (1) Capital distribution of 1.16 cents per Unit has been declared for the period from 1 January 2008 to 30 June 2008. Under the interpretation of the law relating to recognition of dividend income for income tax purposes, dividends and distributions declared by subsidiaries are only distributable when the monies are physically received by the Trust in Singapore at the balance sheet date. As certain amounts of these dividends and distributions from overseas subsidiaries were received subsequent to the respective period ends, capital distributions are declared.

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**11(d) Date payable** : 29 August 2008

**11(e) Books closure date** : 07 August 2008

**12. If no distribution has been declared/recommended, a statement to that effect**

Not applicable.

**13. Directors' Confirmation**

*Confirmation by Directors pursuant to clause 705(4) of the Listing Manual of SGX-ST*

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Allco (Singapore) Limited (as Manager of Allco REIT) which may render these interim financial results to be false or misleading.

For and on behalf of the Board of Directors of Allco (Singapore) Limited

  
Dr. Chua Yong Hai  
Director

  
Nicholas Paul McGrath  
Director

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.

By Order of the Board  
Allco (Singapore) Limited  
(Company registration no. 200503404G)  
As Manager of Allco Commercial Real Estate Investment Trust

Pradeep Kumar Singh  
Company Secretary  
29 July 2008