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## NOTICE TO UNITHOLDERS AND INVESTORS

This Circular (including the ARE) has been prepared solely for the purpose of the Rights Issue and may not be relied upon by any persons (other than Unitholders to whom it is despatched by the Manager) or for any other purpose.

Allco REIT, the Manager or the Sole Underwriter makes no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights Units, Allco REIT, the Centrelink Acquisition or any other matter related thereto or in connection therewith. Nothing in this Circular (including the ARE) or the ARS shall be construed as a recommendation to accept or subscribe for the Rights Units. This Circular does not contain any business description (other than a summary description) of Allco REIT. This Circular does not purport to nor does it contain all information in relation to Allco REIT or the Rights Units that any individual prospective investor may deem appropriate prior to making an investment decision in relation to the Rights Units.

No person has been authorised to give any information or make any representations other than those contained in this Circular in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by the Manager, the Trustee and the Sole Underwriter. Save as expressly stated in this Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of Allco REIT or the Manager. Neither the delivery of this Circular nor the issue of the Rights Units shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of Allco REIT or in any of the information contained herein since the date of this Circular. Where such changes occur after the date of this Circular and are material and are required to be disclosed by law and/or the SGX-ST, the Manager will announce such changes via SGXNET. All Eligible Unitholders should take note of any such announcement and, upon the release of such announcement, shall be deemed to have notice of such changes.

Each person receiving this Circular acknowledges that they have not relied on any of Allco REIT, the Manager, the Trustee or the Sole Underwriter or any person affiliated with any of them in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

Any recipient of this Circular contemplating subscribing for or purchasing any of the Rights Units should determine for itself the relevance of the information contained herein and any such other document or information (or any part thereof) and its investment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the prospects and creditworthiness of Allco REIT, the Rights Units and any other factors relevant to its decision, including the merits and risks involved. In particular, recipients of this Circular should note that the latest financial information of Allco REIT incorporated herein are for the three-month period ended 31 March 2007 and for the year ended 31 December 2006.

The distribution of this Circular (including the ARE) may be prohibited or restricted by law in certain jurisdictions. Persons who come into possession of this Circular (including the ARE) and/or the ARS are required by the Manager and the Sole Underwriter to inform themselves of, and observe, any such prohibitions and restrictions.

The Financial Statements are deemed incorporated into this Circular by reference and are current only as at their respective dates. The incorporation of the Financial Statements by reference will not create any implication that there has been no change in the affairs of Allco REIT since the respective dates of the Financial Statements or that the information contained in the Financial Statements are current as at any time subsequent to their respective dates.

Any statement contained in the Financial Statements shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a subsequent statement contained herein modifies or

supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to form a part of this Circular.

Prospective subscribers of Rights Units are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Rights Units.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. Unitholders have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The past performance of Allco REIT is not necessarily indicative of the future performance of Allco REIT.

### ***Cautionary Note on Forward Looking Statements***

This Circular 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, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. A few special business factors or risks which are unlikely to be known or anticipated by the general investor and which could materially affect profits are set out under **Annexure A — Offer Information Statement (Appendix 1 — Special Business Factors or Risks)**.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. All forecasts and projections are based on the Rights Issue Price of S\$1.04 per Rights Unit and on the Manager's assumptions as explained in **Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)**. The annualised distribution yield will vary accordingly for Unitholders who subscribe for or purchase Units at a price that is lower or higher than the TERP. The major assumptions are certain expected levels of property rental income and property expenses over the relevant periods, which are considered by the Manager to be appropriate and reasonable as at the date of this Circular.

The forecast and projected financial performance of Allco REIT is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecasts and projections and consider the assumptions used and make their own assessment of the future performance of Allco REIT before deciding whether to accept or purchase the Rights Units.

## CORPORATE INFORMATION

<b>The Manager of Allco REIT</b>	Allco (Singapore) Limited
<b>Directors of the Manager</b>	Dr. Chua Yong Hai (Chairman and Independent Director) Mr. Nicholas Paul McGrath (Chief Executive Officer and Managing Director) Mr. Michael Patrick Dwyer (Executive Director) Mr. Christopher John West (Non-Executive Director) Mr. Timothy John Rich (Non-Executive Director) Mr. Frank John Tearle (Non-Executive Director) Mr. Robert Clive West (Independent Director) Mr. Tan Guong Ching (Independent Director)
<b>Registered office of the Manager</b>	55 Market Street Level 16 Singapore 048941
<b>Trustee of Allco REIT</b>	British and Malayan Trustees Ltd 1 Coleman Street #08-01 The Adelphi Singapore 179803
<b>Sole Underwriter for the Rights Issue</b>	Credit Suisse (Singapore) Limited 1 Raffles Link #03/#04-01 South Lobby Singapore 039393
<b>Legal Adviser for the Centrelink Acquisition</b>	Mallesons Stephen Jaques Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
<b>Legal Adviser for the Rights Issue, and to the Manager</b>	WongPartnership One George Street #20-01 Singapore 049145
<b>Legal Adviser to the Sole Underwriter as to English Law</b>	Clifford Chance Wong One George Street #19-00 Singapore 049145
<b>Legal Adviser to the Sole Underwriter as to Singapore Law</b>	Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Trustee</b>	Rodyk & Davidson 80 Raffles Place #32-00 UOB Plaza 1 Singapore 048624

<b>Unit Registrar and Unit Transfer Office</b>	Lim Associates (Pte) Ltd 3 Church Street #08-01 Samsung Hub Singapore 049483
<b>Independent Accountants</b>	KPMG Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
<b>Independent Tax Adviser to Allco REIT — Singapore Taxation</b>	KPMG Tax Services Pte. Ltd. 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
<b>Independent Valuers for the Centrelink Property</b>	CB Richard Ellis Pty Limited 363 George Street Level 26 Sydney NSW 2000 Australia  Colliers International Consultancy and Valuation Pty Limited 1-3 Torrens Street Level 1 Braddon ACT 2612 Australia
<b>Independent Valuer for the Market Street Property</b>	Savills (Singapore) Pte Ltd 2 Shenton Way #17-01 SGX Centre 1 Singapore 068804

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## SUMMARY

### OVERVIEW OF ALLCO REIT

Allco REIT is a real estate investment trust which has been established with a view to investing in high quality office and retail properties across the Asia-Pacific region. Allco REIT has been listed on the Main Board of SGX-ST since 30 March 2006 (SGX:ALLC).

Allco REIT is managed by a professional and experienced team at the Manager who is ultimately 100.0% owned by Allco Finance Group, an Australian financial services company specialising in asset-based financing and fund management activities. Allco Finance Group is listed on the Australian Securities Exchange (ASX:AFG). Since Allco REIT's listing on the Listing Date, its strong performance has been underpinned by the strengthening Singapore and Australia office property markets, and its ability to leverage on the presence of Allco Finance Group's origination and management capabilities.

The key objectives of the Manager are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in such distributions and the net asset value per Unit, in order to provide Unitholders with a competitive rate of return for their investment. To achieve these objectives, the Manager's principal investment policy is for Allco REIT to invest primarily in Real Estate Assets and Real Estate Related Assets in the office and retail sectors in Singapore, other parts of Asia and Australia.

As at the Listing Date, Allco REIT's initial portfolio of investments comprised:

- a 100.0% direct interest in the China Square Central Property, comprising a grade "A" office tower, a retail complex and car park located in Singapore, valued at S\$390.0 million;
- a 50.0% indirect interest in Central Park (Perth), a "premium" grade office tower located in Perth, Australia, valued at S\$234.6 million<sup>(1)</sup>; and
- a 20.6% indirect interest in AWPf, an unlisted, registered managed investment scheme, valued at S\$59.3 million<sup>(1)</sup>.

On 22 November 2006, Allco REIT purchased a 100.0% direct interest in the Market Street Property in Singapore's financial district for S\$72.5 million.

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(1) Based on an exchange rate of S\$1.00 = A\$0.81 being the rate at which Allco REIT had entered into an option to convert S\$ into A\$ at the time of such purchase.

Following a revaluation of Allco REIT's Real Estate Assets in December 2006, Allco REIT's Real Estate Assets portfolio has increased in value by S\$126.7 million, or 18.2%. Details of the revaluation are set out in the following table:

Investment	Book Value (as at 31 December 2006)	Appraised Value <sup>(1)</sup>	Increase in Value	Appraised Value	
	Prior to the Revaluation			(S\$/sq m)	(S\$/sq ft)
	(S\$ million)	(S\$ million)	(S\$ million)		
China Square Central Property . . . . .	390.0	422.0	32.0	12,335	1,146
Central Park (Perth) <sup>(2)</sup> . . . . .	234.5 <sup>(3)</sup>	310.7 <sup>(4)</sup>	76.2	9,371	871
Market Street Property . . . . .	72.5	91.0	18.5	13,561	1,260
Total . . . . .	697.0	823.7	126.7		

**Notes:**

- (1) As at 31 December 2006.
- (2) In respect of a 50.0% indirect interest in Central Park (Perth).
- (3) Equivalent to A\$193.6 million (inclusive of A\$3.6 million of capital improvements since acquisition) based on an exchange rate of S\$1.00 = A\$0.8256 as at 31 December 2006.
- (4) Equivalent to A\$256.5 million based on an exchange rate of S\$1.00 = A\$0.8256 as at 31 December 2006.

Under the terms of the Subscription Agreement entered into on 25 May 2007 by, among others, ARCOT Pty Limited as trustee of ARC Trust<sup>(1)</sup>, ARC Trust subscribed for a 50.0% interest in ADLT. The ADLT Trustee is the existing registered proprietor of the Centrelink Property. On 18 June 2007, Allco REIT completed the Centrelink Acquisition by way of the issuance of promissory notes, which will be satisfied out of the proceeds of the Rights Issue. Subject to certification of completion of construction of the Centrelink Property, which is expected to be issued by 30 June 2007, the Centrelink Property will be leased to Centrelink as and from 4 July 2007<sup>(2)</sup>. The lease to Centrelink is for an initial term of 18 years and Centrelink has an option to extend the term of the lease for two additional consecutive terms of five years each.

**PURPOSE OF THE RIGHTS ISSUE**

The Manager is undertaking the Rights Issue to, among others, finance the Centrelink Acquisition and to repay existing debt so as to partially refinance Allco REIT's existing portfolio following the acquisition of the Market Street Property.

**UNITHOLDERS' APPROVAL**

At the EGM of Unitholders held on 11 June 2007, Unitholders approved the resolutions in relation to:

- the acquisition by Allco REIT of a 50.0% indirect interest in the Centrelink Property;
- the entry into the Unitholders' Deed;
- the entry into the Income Support Deed;
- the entry into the Asset Management Agreement;
- the Rights Issue; and
- the General Mandate.

(1) ARC Trust is a special purpose trust constituted under the laws of New South Wales and is ultimately wholly-owned by Allco REIT.

(2) If certificate of completion of construction of the Centrelink Property is not issued by 3 July 2007, the Centrelink Lease will commence from the day after which the certification is issued.

## OVERVIEW OF THE CENTRELINK PROPERTY

The Centrelink Property has a land area of approximately 53,500 sq m (575,869 sq ft) and forms part of the Tuggeranong Town Centre. It is located in the Western section of the Tuggeranong Town Centre immediately to the south of the Tuggeranong Office Park, approximately 25 kilometres south of the Canberra CBD.

The Centrelink Property comprises a contemporary designed, five-storey (basement and four upper levels) commercial office building with approximately 40,229 sq m (433,774 sq ft) of NLA and 1,093 car parking bays. Certification of completion of construction of the Centrelink Property is expected to be issued by 30 June 2007. The new commercial office building has been designed for the tenant, Centrelink. The building has conference facilities, an auditorium, an amphitheatre, a television studio, a gymnasium, a cafe and commercial kitchen facilities. The building was also designed to achieve an ABGR of 4.5 stars<sup>(1)</sup>.

The table below sets out selected information on the Centrelink Property:

<b>Gross Floor Area</b> . . . . .	53,500 sq m (575,869 sq ft)		
<b>NLA</b> . . . . .	40,229 sq m (433,774 sq ft)		
<b>Lessee</b> . . . . .	Commonwealth of Australia as represented by the Centrelink National Support Office		
<b>Term of Centrelink Lease</b> . . . . .	An initial term of 18 years with an option for Centrelink to renew the lease for two additional consecutive terms of five years each		
<b>Commencement Date</b> . . . . .	4 July 2007 <sup>(1)</sup>		
<b>Car Park Lots</b> . . . . .	1,093		
<b>Title</b> . . . . .	Crown Lease from the Commonwealth of Australia with a 99 year term that commenced on 26 June 2002		
<b>Valuation for 100.0%</b> . . . . .	A\$217.5 million <sup>(2)</sup> (S\$272.6 million <sup>(3)</sup> ) upon certification of completion of construction of the property		
<b>Purchase Price</b> <sup>(4)</sup> . . . . .	A\$108.75 million (S\$136.3 million <sup>(3)</sup> )		
<b>Committed Occupancy</b> . . . . .	100.0%		
		<b>Forecast Period 2007<sup>(5)</sup></b>	<b>Projection Year 2008<sup>(6)</sup></b>
		<b>(S\$ million)</b>	<b>(S\$ million)</b>
<b>Net property income</b> . . . . .		5.2	10.1
<b>Initial yield</b> <sup>(7)</sup> . . . . .		7.7%	7.4%

### Notes:

- (1) Subject to certification of completion of construction of the Centrelink Property, which is expected to be issued by 30 June 2007, the Centrelink Property will be leased to Centrelink as and from 4 July 2007. If certificate of completion of construction of the Centrelink Property is not issued by 3 July 2007, the Centrelink Lease will commence from the day after which the certification of completion of construction is issued.
  - (2) The average of the appraised values of A\$218.0 million and A\$217.0 million set out in the valuation reports by CBRE and Colliers each dated 4 May 2007, respectively.
  - (3) Based on an exchange rate of S\$1.00 = A\$0.7979, being the rate at which Allco REIT entered into a foreign exchange derivative instrument to purchase the Centrelink Property.
  - (4) For a 50.0% indirect interest in the Centrelink Property. Excludes estimated acquisition related costs of A\$2.7 million (S\$3.4 million), which comprise mainly an acquisition fee of A\$1.1 million (S\$1.4 million) payable in Units to the Manager, stamp duty, legal expenses and the costs of performing due diligence.
  - (5) Based on an exchange rate of S\$1.00 = A\$0.8151, being the rate at which Allco REIT has entered into a foreign exchange derivative instrument in respect of the forecast cash flows from the Centrelink Property for the Forecast Period 2007.
  - (6) Based on an exchange rate of S\$1.00 = A\$0.8401, being the average rate at which Allco REIT has entered into foreign exchange derivative instruments in respect of the projected cash flows from Allco REIT's Australian assets in the Projection Year 2008.
  - (7) Calculated as net property income divided by purchase price, annualised.
- (1) Under the ABGR scheme, the ABGR will not be known until approximately 18 months from the certification of completion of construction of the Centrelink Property.

## OVERVIEW OF THE MARKET STREET PROPERTY

The Market Street Property is located at 55 Market Street in Singapore's financial district. The Market Street Property is a newly refurbished 16-storey building, and occupies a near-rectangular plot of land with a land area of approximately 610.8 sq m (6,575 sq ft).

Allco REIT acquired a 100.0% direct interest in the Market Street Property for S\$72.5 million on 22 November 2006 with vacant possession. Following an intensive leasing campaign by the Property Manager<sup>(1)</sup>, the Manager announced on 7 May 2007 that the Market Street Property has a committed occupancy of 100.0%.

The table below sets out selected information on the Market Street Property:

<b>Gross Floor Area</b> . . . . .	8,464 sq m (91,099 sq ft)
<b>NLA</b> . . . . .	6,786 sq m (72,228 sq ft)
<b>Number of Leases</b> . . . . .	19
<b>Car Park Lots</b> . . . . .	Nil
<b>Title</b> . . . . .	Leasehold interest from 20 April 1826 with a 999 year term
<b>Valuation</b> <sup>(1)</sup> . . . . .	S\$91.0 million
<b>Committed Occupancy</b> <sup>(2)</sup> . . . . .	100.0%

	<u>Forecast Period 2007</u>	<u>Projection Year 2008</u>
	(\$ million)	(\$ million)
<b>Net property income</b> . . . . .	1.9	4.7
<b>Yield</b> <sup>(3)</sup> . . . . .	4.1%	5.2%

### Notes:

- (1) Based on the valuation report prepared by Savills (Singapore) Pte Ltd dated 31 December 2006.
- (2) As at the Latest Practicable Date.
- (3) Calculated as net property income divided by valuation, annualised in the case of Forecast Period 2007.

## RATIONALE FOR THE ACQUISITIONS AND THE RIGHTS ISSUE

The Acquisitions are in line with Allco REIT's principal investment policy of investing primarily in Real Estate Assets and Real Estate Related Assets in the office and retail sectors in Singapore, other parts of Asia and Australia.

The Manager believes that Unitholders would enjoy the following benefits from the Acquisitions and the Rights Issue.

### ***Distribution Yield Accretion***

The Manager expects the Acquisitions to improve the distribution yield enjoyed by Unitholders, as the Centrelink Property and the Market Street Property were acquired at an attractive price relative to the cash flows they are expected to generate.

The following table shows the yield accretive nature of the Acquisitions, for the Forecast Period 2007 and the Projection Year 2008, based on the following assumptions:

- Total gross proceeds from the Rights Issue of S\$206.7 million;

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(1) The Property Manager is a wholly-owned subsidiary of the Manager and provides property management services relating to the Real Estate Assets held by Allco REIT.

- S\$138.3 million is used to purchase the Centrelink Property (including cash acquisition related costs) and S\$61.0 million is used to repay existing debt, resulting in pro forma Aggregate Leverage (as at 31 December 2006) of 23.1%;
- A Rights Issue Price of S\$1.04 per Rights Unit;
- 198,749,242 Rights Units issued under the Rights Issue; and
- Following the Rights Issue, the market price of each Unit will be the TERP, where TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation prior to the Rights Issue} + \text{gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

Unit Price Before Rights Issue <sup>(1)</sup>	TERP <sup>(2)</sup>	Forecast Period 2007			Projection Year 2008		
		Distribution Yield <sup>(3)</sup>		Yield Accretion	Distribution Yield		Yield Accretion
		Original Portfolio <sup>(4)</sup>	Enlarged Portfolio <sup>(5)</sup>		Original Portfolio <sup>(4)</sup>	Enlarged Portfolio <sup>(5)</sup>	
1.2986	1.225	4.60%	4.93%	7.10%	4.47%	4.93%	10.24%

**Notes:**

- (1) Being the Reference Price.
- (2) Calculated based on the Unit price before Rights Issue and the Rights Issue Price.
- (3) On an annualised basis.
- (4) Based on a DPU of 2.99 cents and 5.81 cents for the Forecast Period 2007 and the Projection Year 2008, respectively, and on the assumptions underlying the forecast and projected total return set out in **Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)**.
- (5) Based on a DPU of 3.02 cents and 6.04 cents for the Forecast Period 2007 and the Projection Year 2008, respectively, and on the assumptions underlying the forecast and projected total return set out in **Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)**.

**Net Property Income Yield Accretion from the Centrelink Property**

The Manager expects the Centrelink Acquisition to increase the net property income yield of the Allco REIT Real Estate Assets. The following table shows the net property income yield of each of the Real Estate Assets for the Forecast Period 2007 and Projection Year 2008:

Property	Appraised Value/Purchase Price (S\$ million)	Forecast Period 2007		Projection Year 2008	
		Net Property Income <sup>(1)</sup> (S\$ million)	Yield <sup>(2)</sup>	Net Property Income <sup>(1)</sup> (S\$ million)	Yield <sup>(2)</sup>
		China Square Central Property . . . . .	422.0 <sup>(3)</sup>	8.5	4.0%
Central Park (Perth) . . . . .	310.7 <sup>(3)</sup>	9.6	6.2%	20.1	6.5%
Market Street Property . . . . .	91.0 <sup>(3)</sup>	1.9	4.1%	4.7	5.2%
Centrelink Property . . . . .	136.3 <sup>(4)</sup>	5.2	7.7%	10.1	7.4%

**Notes:**

- (1) As reflected in and based on the assumptions set out in the forecast and projected consolidated statements of total return in **Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)**.
- (2) Calculated as net property income divided by appraised value/purchase price, annualised in the case of the Forecast Period 2007.
- (3) Appraised value as at 31 December 2006.
- (4) Purchase price being paid by Allco REIT in respect of the Centrelink Acquisition. Equivalent to A\$108.75 million based on an exchange rate of S\$1.00=A\$0.7979, being the rate at which Allco REIT has entered into a foreign exchange derivative instrument to purchase the Centrelink Property.

### **Overall Enhancements to Portfolio**

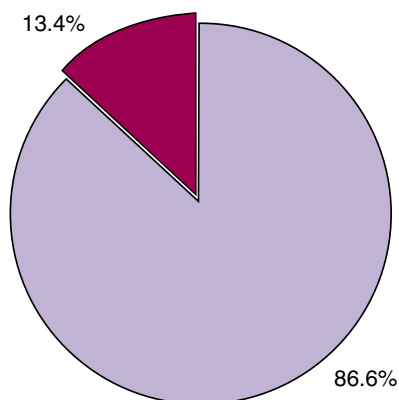
The Acquisitions will enhance the diversification of Allco REIT's portfolio by tenant and lease expiry term. The Centrelink Acquisition will, in addition, enhance the diversification of Allco REIT's portfolio by geography.

#### *Improved Tenant Diversification*

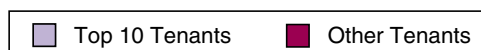
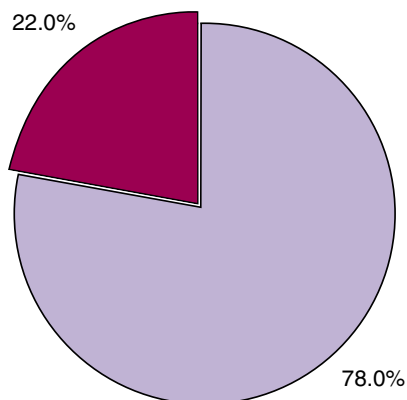
The Acquisitions will improve Allco REIT's tenant diversification such that no single tenant will contribute more than 30.6% of Allco REIT's total gross cash flow from Real Estate Assets for the Forecast Period 2007. The contribution of the largest tenant, Unicorn Square Limited, via the Master Lease of the China Square Central Property, will decline from 41.6% to 30.6% of Allco REIT's gross cash flow for the Forecast Period 2007. The Acquisitions will provide a further high quality income stream, in particular through the Centrelink Lease. Centrelink will represent 16.2% of the gross cash flow of the Enlarged Portfolio for the Forecast Period 2007.

The top 10 tenants and their proportionate contribution to Allco REIT's gross cash flow before and after completion of the Acquisitions for the Forecast Period 2007 are shown in the charts below. The aggregate contribution of the top 10 tenants to Allco REIT's gross cash flow will decrease from 86.6% to 78.0% after the Acquisitions.

**Contribution of the Top 10 Tenants to the Original Portfolio by Gross Cash Flow**



**Contribution of the Top 10 Tenants to the Enlarged Portfolio by Gross Cash Flow**



#### *Geographical Diversification*

Allco REIT has exposure to the following commercial property markets:

- Singapore, through the China Square Central Property and the Market Street Property;
- Perth, Australia through the 50.0% ownership of Central Park (Perth); and
- Sydney, Australia, through its interest in AWPf.

In line with the investment strategy of Allco REIT, the Centrelink Property will enhance the geographical diversification of the portfolio into Canberra, Australia. The Canberra office market has continued to perform strongly with positive net absorption and vacancy rates remaining stable at already low levels according to the valuation report dated 4 May 2007 by CBRE.

### Diversification by City of the Enlarged Portfolio

<u>Market</u>	<u>Valuation</u>	<u>Percentage</u>
	(S\$ million)	(%)
Singapore . . . . .	513.0	50.5
Perth . . . . .	310.7 <sup>(1)</sup>	30.6
Canberra . . . . .	136.3 <sup>(2)</sup>	13.4
Sydney <sup>(3)</sup> . . . . .	56.4 <sup>(1)</sup>	5.5
Total . . . . .	1,016.4	100.0

**Notes:**

- (1) Based on an exchange rate of S\$1.00 = A\$0.8256 as at 31 December 2006.
- (2) Based on an exchange rate of S\$1.00 = A\$0.7979, being the rate at which Allco REIT has entered into a foreign exchange derivative instrument to purchase the Centrelink Property.
- (3) Value of investment in AWPF.

*Improves WALE Profile*

The Acquisitions will enhance the WALE of Allco REIT's portfolio on a NLA basis, and the lease expiry profile (as illustrated in the tables set out below). The WALE of Allco REIT will increase from approximately 5.4 years to over 12.8 years as at 1 July 2007 with the Acquisitions.

Original Portfolio

<u>Period</u>	<u>Total no. of leases expiring</u>	<u>NLA<sup>(1)</sup> of leases expiring</u>		<u>Expiring leases as a percentage of NLA</u>
		(sq m)	(sq ft)	(%)
FY2007 . . . . .	—	—	—	—
FY2008 . . . . .	6	6,058	65,210	9.0
FY2009 . . . . .	4	1,149	12,370	1.7
FY2010 . . . . .	5	3,489	37,560	5.2
FY2011 . . . . .	4	3,070	33,040	4.6
FY2012 . . . . .	3	37,616	404,895	55.8
Beyond FY2012 . . . . .	7	15,982	172,026	23.7
Vacancy . . . . .	—	—	—	—
Total . . . . .	29	67,364	725,103	100.0

**Note:**

- (1) Represents 50.0% of the total NLA of expiring leases of Central Park (Perth) as Allco REIT holds a 50.0% indirect interest in Central Park (Perth).

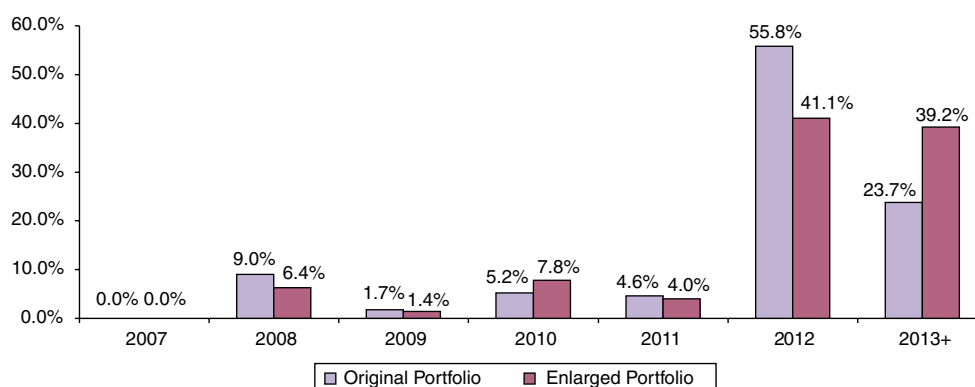
## Enlarged Portfolio

<u>Period</u>	<u>Total no. of leases expiring</u>	<u>NLA<sup>(1)</sup> of leases expiring</u>		<u>Expiring leases as a percentage of NLA</u>
		<u>(sq m)</u>	<u>(sq ft)</u>	<u>(%)</u>
FY2007 .....	—	—	—	—
FY2008 .....	6	6,058	65,210	6.4
FY2009 .....	5	1,346	14,490	1.4
FY2010 .....	18	7,340	79,002	7.8
FY2011 .....	6	3,783	40,715	4.0
FY2012 .....	5	38,666	416,198	41.1
Beyond FY2012 .....	9	36,882	396,992	39.2
Vacancy .....	—	—	—	—
<b>Total</b> .....	<b>49</b>	<b>94,075</b>	<b>1,012,609</b>	<b>100.0</b>

### **Note:**

(1) Represents 50.0% of the total NLA of expiring leases of Central Park (Perth) and the Centrelink Property as Allco REIT holds a 50.0% indirect interest in Central Park (Perth) and the Centrelink Property.

Set out below is a chart with a comparison of the lease expiry profile of the Original Portfolio and the Enlarged Portfolio on a NLA basis:



### ***Future Acquisition Flexibility by Virtue of Additional Debt Capacity***

The Aggregate Leverage will be reduced from 33.3% as at 31 December 2006 to 23.1% upon completion of the Rights Issue and the Centrelink Acquisition, and the partial refinancing of debt. Assuming there is no change in the value of Allco REIT's properties, this will result in additional acquisition capacity of S\$968.0 million (based on a maximum Aggregate Leverage of 60.0%). The Rights Issue will therefore give Allco REIT a more optimal capital structure, which will give it sufficient financial flexibility to bid for and/or acquire assets that are yield accretive when the opportunity arises, as well as the flexibility to undertake asset enhancements and to fund any on-going capital expenditure requirements, without the need for an equity fund raising.

### ***Strengthening of Balance Sheet and Enhancement of Credit Profile***

The Manager believes the reduction in the Aggregate Leverage will strengthen its balance sheet and enhance its credit profile, which would enable Allco REIT to obtain additional debt financing at more competitive pricing.

## THE RIGHTS ISSUE

The following summary of the principal terms and conditions of the Rights Issue is derived from, and should be read in conjunction with, the full text of this Circular, and is qualified in its entirety by reference to information appearing elsewhere in this Circular.

Method of Offer	:	Renounceable underwritten Rights Issue.
Issue Size	:	Up to 198,749,242 Rights Units.
Basis of Rights Entitlements	:	Two (2) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date, fractions of a Unit to be disregarded.
Rights Issue Price	:	S\$1.04 per Rights Unit payable in full on acceptance. The Rights Issue Price represents a discount of 19.9% to the Reference Price.
Status of the Rights Units	:	The Rights Units, when allotted and issued, will rank <i>pari passu</i> in all respects with the Existing Units save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.
Eligibility to Participate in the Rights Issue	:	Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not in the United States or U.S. persons or acting for the account or benefit of U.S. persons, or (ii) who Allco REIT considers, in its sole discretion, may be offered Rights Entitlements or New Units without breaching applicable securities laws, will be provisionally allotted the Rights Units under the Rights Issue.
Eligible Unitholders' Option	:	Eligible Unitholders are at liberty to accept in part or in full, or otherwise renounce or trade on the SGX-ST (during the provisional allotment trading period from 28 June 2007 to 6 July 2007) their Rights Entitlements and are eligible to apply for Excess Rights Units.

**Applications for Excess Rights Units by the Eligible Unitholders may be made at the Underwriting Price.** For the avoidance of doubt, purchasers of Rights Entitlements during the provisional allotment trading period are not eligible to subscribe for Excess Rights Units.

The procedures for acceptance, excess applications and payment by Eligible Unitholders are set out in **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** of this Circular.

Rights Entitlements will not be offered to Ineligible Unitholders and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.

Ineligible Unitholders should refer to the description set out in the section titled "Eligibility of Unitholders to Participate in the Rights Issue" of this Circular.

Underwriting Price : S\$1.14 per Rights Unit, payable in full on application for Excess Rights Units, which is at the Agreed Premium to the Rights Issue Price. Any Remaining Rights Units will be underwritten by the Sole Underwriter at the Underwriting Price.

Agreed Premium : S\$0.10 per Rights Unit.

The Agreed Premium will be paid to (i) Eligible Unitholders who do not renounce or trade their Rights Entitlements on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST, and do not accept their Rights Entitlements, (ii) Ineligible Unitholders and (iii) Purchasers who have not, for any reason, accepted the Rights Entitlements, to enable them to realise value on their unitholdings, or Rights Entitlements, as the case may be. The Agreed Premium has been determined by agreement between the Manager and the Sole Underwriter having regard to, among others, the discount which the Rights Issue Price represents to the Reference Price, and the TERP. The Agreed Premium does not purport to represent the actual value of the Rights Entitlements.

Underwriting : The Sole Underwriter for the Rights Issue is Credit Suisse (Singapore) Limited. Pursuant to the terms of the Underwriting Agreement, the Rights Units represented by any Remaining Rights Units will be underwritten by the Sole Underwriter at the Underwriting Price.

Pursuant to the Underwriting Agreement, the Sole Underwriter will pay or procure the payment of:

- the Rights Issue Price for each Remaining Rights Unit to Allco REIT; and
- the Agreed Premium in respect of each Remaining Rights Unit.

Listing of the Rights Units : Approval in-principle, subject to certain conditions, has been obtained from the SGX-ST on 8 June 2007 for the listing and quotation of the Rights Units on the Official List of the SGX-ST. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue or the Rights Units.

- Trading of the Rights Units and Odd Lots : Upon the listing and quotation of the Rights Units on the Official List of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the “Terms and Conditions for Operation of Securities Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP.
- Eligible Unitholders can trade in odd lots of Units on the SGX-ST’s Unit Share Market.
- Use of CPF Funds : Approval has been obtained from the CPF Board for those members participating in the CPF Investment Scheme to use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF accounts to pay for the Rights Units. Such members who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF monies will need to instruct the respective approved banks, where such members hold their CPF investment accounts, to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with this Circular. CPF monies may not, however, be used for the purchase of the Rights Entitlements directly from the market.
- Governing Law : Laws of the Republic of Singapore.

**AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE RIGHTS ENTITLEMENTS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST DURING THE PROVISIONAL ALLOTMENT TRADING PERIOD.**

## INDICATIVE TIMETABLE

Event	Date and Time
Units trade ex-Rights . . . . .	21 June 2007
Books Closure Date . . . . .	25 June 2007 at 5.00 p.m.
Despatch of Circular (including the ARE) to Eligible Unitholders . . . . .	28 June 2007
Commencement of trading of Rights Entitlements . . . . .	28 June 2007
Last day for trading of Rights Entitlements . . . . .	6 July 2007
Last date and time for acceptances of and payment for Rights Units . . . . .	12 July 2007 at 4.45 p.m. (9.30 p.m. for Electronic Applications)
Last date and time for application of and payment for Excess Rights Units <sup>(1)</sup> . . . . .	12 July 2007 at 4.45 p.m.
Last date and time for renunciation of Rights Entitlements and payment by the renouncee for Rights Units . . . . .	12 July 2007 at 4.45 p.m.
Expected date for issue of Rights Units . . . . .	20 July 2007
Expected date for commencement of trading of Rights Units . . . . .	23 July 2007

**Note:**

<sup>(1)</sup> If you wish to apply for Excess Rights Units, you should only do so through CDP and NOT by way of an Electronic Application. Electronic Application is ONLY available for acceptance of the Rights Units provisionally allotted to you as indicated in the ARE.

## USE OF PROCEEDS

Following the close of the Rights Issue, Allco REIT will raise gross proceeds of S\$206.7 million. The net proceeds from the Rights Issue (after deducting, among others, underwriting commissions, fees payable for the provision of certain arranger services by Allco Funds Management and other professional fees and expenses to be incurred by Allco REIT in connection with the Rights Issue) is S\$199.5 million.

The Manager intends to allocate the proceeds from the Rights Issue in the following manner:

- (i) S\$138.3 million to finance the Centrelink Acquisition (including cash acquisition related costs);
- (ii) S\$61.0 million to be utilised to repay existing debt so as to partially refinance Allco REIT's existing portfolio following the acquisition of the Market Street Property;
- (iii) S\$4.1 million (excluding GST and other applicable taxes) to pay for the underwriting commissions, incentive fees and related expenses payable to the Sole Underwriter;
- (iv) S\$1.0 million (excluding GST and other applicable taxes) to pay for the provision by Allco Funds Management of certain arranger services (including but not limited to rendering advice on the structure of the Rights Issue, preparation of relevant documentation and liaising with the professional advisers) in connection with the Rights Issue;
- (v) S\$2.1 million (excluding GST and other applicable taxes) to pay for the professional and other fees and expenses expected to be incurred by Allco REIT in connection with the Rights Issue; and
- (vi) the balance for other general corporate and working capital purposes.

The Manager may, at its absolute discretion, utilise the proceeds of the Rights Issue to acquire any other suitable property or properties for Allco REIT, and/or for general corporate and working capital purposes.

The Manager will make periodic announcements on the utilisation of the net proceeds of the Rights Issue through SGXNET as and when such funds are materially disbursed.

## **ELIGIBILITY OF UNITHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE**

### **Eligible Unitholders**

Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not in the United States or U.S. persons or acting for the account or benefit of persons in the United States or U.S. persons or (ii) who Allco REIT considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws.

Eligible Unitholders will receive Rights Entitlements under the Rights Issue on the basis of their unitholdings as at the Books Closure Date and are entitled to participate in the Rights Issue and to receive this Circular (including the ARE) at their respective Singapore addresses. Eligible Unitholders who do not receive the ARE may obtain copies of the ARE and this Circular from CDP or the Unit Registrar for the period up to the Closing Date. Eligible Unitholders are at liberty to accept in part or in full, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

Eligible Unitholders who have subscribed for or purchased Units under the CPF Investment Scheme and/or the SRS can only accept their Rights Entitlements by instructing the relevant banks in which they hold their CPF Investment Scheme accounts and/or SRS accounts to do so on their behalf.

### **Ineligible Unitholders**

The Rights Entitlements will not be offered to Ineligible Unitholders (being Unitholders other than Eligible Unitholders) and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

The making of the Rights Issue may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders. Save as provided herein and for the avoidance of doubt, Ineligible Unitholders are not eligible to participate in the Rights Issue except to the extent the Agreed Premium is paid to them in respect of each Rights Unit they would otherwise have been provisionally allotted had they been Eligible Unitholders.

This Circular (including the ARE) will also not be despatched to Ineligible Purchasers. Allco REIT further reserves the right to reject any acceptances of Rights Entitlements and/or applications for Excess Rights Units where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. Allco REIT reserves the right to treat as invalid any ARE or ARS which (i) appears to Allco REIT or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty.

**Notwithstanding the above, Unitholders and any other person having possession of this Circular are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Circular may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**

The Rights Units which are not otherwise taken up or allotted for any reason shall be used to satisfy Excess Rights Units applications as the Directors, may, in their absolute discretion, deem fit. In the allotment of Excess Rights Units, preference will be given to Unitholders for the rounding of odd lots, and Directors and Substantial Unitholders will rank last in priority.

## SELLING RESTRICTIONS

This Circular (including the ARE) may not be used for the purpose of, and does not constitute, an offer, invitation or solicitation in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such offer, invitation or solicitation. In addition, no action has been or will be taken in any jurisdiction that would permit a public offering of the Rights Units or the possession, circulation or distribution of this Circular or any other material relating to Allco REIT or the Rights Units in any jurisdiction where action for that purpose is required. The Rights Units may not be offered or sold, directly or indirectly and neither this Circular nor any other offering material or advertisements in connection with the Rights Units may be distributed or published in or from any country or jurisdiction except, in each case, under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. No information in this Circular should be considered to be business, legal or tax advice regarding an investment in the Rights Units and/or the Units.

### United States

This Circular is not an offer of securities in the United States. Neither the Rights Entitlements nor the Rights Units have been or will be registered under the U.S. Securities Act or under the securities laws of any state in the United States and they may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in transactions that are exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

### United Kingdom

This Circular is not available for general distribution in, from or into the United Kingdom because Allco REIT is an unregulated collective investment scheme whose promotion is restricted by sections 238 and 240 of the Financial Services and Markets Act 2000. When distributed in, from or into the United Kingdom, this Circular is only intended for investment professionals, high net worth companies, partnerships, associations or trusts and investment personnel of any of the foregoing (each within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005), persons outside the European Economic Area receiving it electronically, persons outside the United Kingdom receiving it non-electronically and any other persons to whom it may be communicated lawfully. No other person should act or rely on it. Persons distributing this Circular, from or into the United Kingdom must satisfy themselves that it is lawful to do so.

### European Economic Area

In relation to each Relevant Member State, the Sole Underwriter represents and agrees that with effect from the Relevant Implementation Date, it has not made and will not make an Offer of Units to the Public in that Relevant Member State prior to the publication of a prospectus in relation to the Units which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an Offer of Units to the Public in that Relevant Member State at any time:

- to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of:
  - (1) an average of at least 250 employees during the last financial year;
  - (2) a total balance sheet of more than €43,000,000; and

- (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Sole Underwriter; or
  - in any other circumstances which do not require the publication by the Trustee of a prospectus pursuant to Article 3 of the Prospectus Directive.

### **Hong Kong**

Allco REIT has not been authorised by the Hong Kong Securities and Futures Commission. Accordingly, no person may issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Units which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Units which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”, as defined in the Securities and Futures Ordinance (Chapter 571) of Hong Kong and any rules made under that Ordinance.

## CONSENTS

Credit Suisse (Singapore) Limited, named as the Sole Underwriter for the Rights Issue, has given and has not withdrawn its written consent to being named as the Sole Underwriter for the Rights Issue, and to the inclusion of its name and all references thereto.

KPMG has given and has not withdrawn its written consent to being named as the Independent Accountants to Allco REIT, and to the inclusion of its name and all references thereto and the “Independent Accountants’ Report on the Consolidated Profit Forecast and Consolidated Profit Projection” reproduced in **Annexure A — Offer Information Statement (Appendix 4 — Independent Accountants’ Report on the Consolidated Profit Forecast and Consolidated Profit Projection)**, in the form and context in which they are included in the Circular.

KPMG Tax Services Pte. Ltd., has given and has not withdrawn its written consent to being named as the Independent Tax Adviser to Allco REIT, and to the inclusion of its name and all references thereto and the “Independent Taxation Report” “ reproduced in **Annexure A — Offer Information Statement (Appendix 6 — Independent Taxation Report)**, in the form and context in which they are included in the Circular.

Each of CBRE, Colliers, and Savills has given and has not withdrawn its written consent to being named respectively as the Independent Valuers for the Centrelink Property and the Independent Valuer for the Market Street Property, as the case may be, and to the inclusion of its name and all references thereto, in the form and context in which they are included in the Circular.

## DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours<sup>(1)</sup> at the registered office of the Manager at 55 Market Street, Level 16, Singapore 048941 from the date of this Circular up to and including the date falling six months after the date of this Circular:

- (i) the full valuation reports of the Centrelink Property and the Market Street Property;
- (ii) the valuation certificates of the Centrelink Property and the Market Street Property;
- (iii) the Independent Accountants' Report on the Consolidated Profit Forecast and the Consolidated Profit Projection;
- (iv) the respective letters of consent of the Sole Underwriter, the Independent Accountants and the Independent Valuers;
- (v) the letter from the IFA to the Independent Directors dated 26 May 2007;
- (vi) the material contracts referred to in Part IV of the Offer Information Statement; and
- (vii) the Financial Statements.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as Allco REIT continues to be in existence.

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(1) Prior appointment would be appreciated.

## GLOSSARY

For the purpose of this Circular and Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>2006 Audited Consolidated Financial Statements</b>	:	The audited consolidated financial information of Allco REIT and its subsidiaries for the period from 12 September 2005 (date of constitution) to 31 December 2006.
<b>ABGR</b>	:	Australian Building Greenhouse Rating. The Australian Building Greenhouse Rating scheme benchmarks a building's greenhouse performance (based on the level of emission of greenhouse gases) on a scale of one to five, one star having the worst greenhouse performance and five stars being the best. Three stars represent best practice in the current market. The scheme assists building owners and tenants to promote their greenhouse performance and gain a competitive advantage.
<b>Acquisitions</b>	:	The Centrelink Acquisition and the acquisition of the Market Street Property.
<b>ADLT</b>	:	Athllon Drive Landholding Trust.
<b>ADLT Trustee</b>	:	Allco SPC No. 5 Pty Limited.
<b>Aggregated Leverage</b>	:	The ratio of Allco REIT's borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or Units) to the value of its Deposited Property, adjusted for the distribution of any accrued Distributable Income.
<b>Agreed Premium</b>	:	S\$0.10 per Rights Unit, being the amount to be paid to (i) Eligible Unitholders who do not renounce or trade their Rights Entitlements and do not accept their Rights Units, (ii) Ineligible Unitholders and (iii) Purchasers who have not, for any reason, accepted the Rights Entitlements.
<b>Allco Finance Group</b>	:	Allco Finance Group Limited, a company incorporated in Australia.
<b>Allco Funds Management</b>	:	Allco Funds Management Limited, a company incorporated in Australia and a wholly-owned subsidiary of Allco Finance Group.
<b>Allco REIT</b>	:	Allco Commercial Real Estate Investment Trust, a unit trust constituted on 12 September 2005 under the laws of the Republic of Singapore, and as varied by the First Amending and Restating Deed dated 23 February 2006, the Second Amending and Restating Deed dated 20 March 2006 and the Supplemental Deed of Amendment dated 30 April 2007.
<b>ARC Trust</b>	:	A special purpose trust constituted under the laws of New South Wales and is ultimately wholly-owned by Allco REIT.

<b>ARE</b>	:	Application form for Rights Units and Excess Rights Units to be issued to Eligible Unitholders in respect of their Rights Entitlements under the Rights Issue.
<b>ARS</b>	:	Application form for Rights Units to be issued to purchasers of the Rights Entitlements traded on the SGX-ST under the book-entry (scripless) settlement system.
<b>ASI</b>	:	Allco Singapore Investments Pte Ltd.
<b>Asset Management Agreement</b>	:	The asset management agreement entered into between the ADLT Unitholders, ADLT Trustee and Allco Funds Management pursuant to which Allco Funds Management has agreed to provide certain corporate and compliance support services to ADLT.
<b>ATM</b>	:	Automated teller machine of a Participating Bank.
<b>Authority</b>	:	Monetary Authority of Singapore.
<b>AWPF</b>	:	Allco Wholesale Property Fund, an unlisted, registered managed investment scheme managed by Allco Management Investments Limited. AWPF holds interests in Australia.
<b>Books Closure Date</b>	:	5.00 p.m. on 25 June 2007, being the time and date on which the Transfer Books and Register of Unitholders will be closed to determine the provisional allotments of Eligible Unitholders under the Rights Issue.
<b>CBRE</b>	:	CB Richard Ellis Pty Limited.
<b>CDP</b>	:	The Central Depository (Pte) Limited.
<b>Central Park (Perth)</b>	:	The office tower which is located at 152-158 St George's Terrace, Perth, Western Australia.
<b>Centrelink</b>	:	Commonwealth of Australia as represented by the Centrelink National Support Office, a statutory agency of the Australian Federal Government.
<b>Centrelink Acquisition</b>	:	The acquisition by Allco REIT (via ARC Trust) of a 50.0% indirect interest in the Centrelink Property.
<b>Centrelink Lease</b>	:	The proposed lease by Allco REIT of the Centrelink Property to Centrelink for an initial term of 18 years, with an option to renew for two additional consecutive terms of five years each.
<b>Centrelink Property</b>	:	The office complex located on the western side of Athllon Drive with additional frontages to Soward Way and Roland Rees Crescent in Canberra, Australia being Block 4, Section 13, Division of Greenway, Deposited Plan 7695.
<b>China Square Central Property</b>	:	The development which is constructed on Lot 617A TS4 at 18, 20, 22 Cross Street, Singapore, comprising Marsh & McLennan Centre and two rows of conservation shophouses.
<b>Circular</b>	:	This circular including the Offer Information Statement that is set out in Annexure A of this circular.

<b>Closing Date</b>	:	4.45 p.m. on 12 July 2007, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of Allco REIT, being the last time and date for acceptance and/or excess application and payment, and renunciation of and payment by renounees for the Rights Units under the Rights Issue through the CDP; or 9.30 p.m. on 12 July 2007, or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of Allco REIT, being the last time and date for acceptance and payment of the Rights Units under the Rights Issue by way of an Electronic Application.
<b>Colliers</b>	:	Colliers International Consultancy and Valuation Pty Limited.
<b>Consolidated Profit Forecast</b>	:	The forecast consolidated statements of Allco REIT's total return and distribution for the six-month period ending 31 December 2007 and the accompanying assumptions and sensitivity analysis set out in <b>Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)</b> .
<b>Consolidated Profit Projection</b>	:	The forecast consolidated statements of Allco REIT's total return and distribution for the financial year ending 31 December 2008 and the accompanying assumptions and sensitivity analysis set out in <b>Annexure A — Offer Information Statement (Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection)</b> .
<b>CPF</b>	:	Central Provident Fund.
<b>Deed of Undertaking</b>	:	The deed of undertaking dated 17 May 2007 executed by ASI in favour of the Manager pursuant to which ASI has irrevocably undertaken to subscribe and/or procure subscribers for all its Rights Entitlements in full under the Rights Issue.
<b>Deposited Property</b>	:	The value of all the gross assets of Allco REIT.
<b>Depository Services Agreement</b>	:	The depository services agreement dated 31 March 2006 entered into between CDP, the Manager and the Trustee relating to the deposit of the Units in CDP.
<b>Directors</b>	:	Directors of the Manager.
<b>Distributable Income</b>	:	Comprises Allco REIT's taxable income, tax-exempt income received or receivable (after deducting applicable expenses), and cash flow generated by overseas properties extracted in the form of capital receipts, as determined to be distributed in accordance with Allco REIT's distribution policy.
<b>DPU</b>	:	Distribution per Unit.
<b>EGM</b>	:	The extraordinary general meeting of Unitholders held on 11 June 2007 at 9.30 a.m.

<b>Electronic Application</b>	:	Acceptance of the Rights Entitlements made through an ATM of one of the Participating Banks in accordance with the terms and conditions of the Offer Information Statement.  Electronic Application through an ATM of a Participating Bank is ONLY available for acceptance of the Rights Entitlements as indicated in the ARE. Application for Excess Rights Units must be done through CDP and NOT by way of an Electronic Application.
<b>Eligible Unitholders</b>	:	Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not in the United States, U.S. persons or acting for the account or benefit of persons in the United States or U.S. persons or (ii) who Allco REIT considers, in its sole discretion, may be offered Rights Units without breaching applicable securities laws.
<b>Enlarged Portfolio</b>	:	The Original Portfolio, the 50.0% indirect interest in the Centrelink Property and 100.0% direct interest in the Market Street Property.
<b>Excess Rights Units</b>	:	The additional Rights Units in excess of Eligible Unitholders' Rights Entitlements under the Rights Issue, payable in full on application at the Underwriting Price.
<b>Existing Units</b>	:	The Units in issue as at the Books Closure Date.
<b>Financial Information</b>	:	Extracts from the 2006 Audited Consolidated Financial Statements, and the unaudited financial statements announcement of Allco REIT and its subsidiaries for the three-month period ended 31 March 2007, as reproduced in <b>Annexure A — Offer Information Statement (Appendix 2 — Financial Information)</b> .
<b>Financial Statements</b>	:	2006 Audited Consolidated Financial Statements and the unaudited financial statements announcement of Allco REIT and its subsidiaries for the three-month period ended 31 March 2007.
<b>Forecast Period 2007</b>	:	1 July 2007 to 31 December 2007 (both dates inclusive).
<b>FY</b>	:	Financial year ended or ending 31 December, as the case may be.
<b>General Mandate</b>	:	The general mandate which has been given to the Manager for the issue of new Units up to 50.0% of the number of Units in issue as at 31 December 2006, of which the aggregate number of Units issued other than on a pro-rata basis to existing Unitholders shall not be more than 20.0% of the number of Units in issue as at 31 December 2006, without the prior specific approval of Unitholders in a general meeting.
<b>Group</b>	:	Allco REIT and its subsidiaries.

<b>GST</b>	:	Goods and Services Tax.
<b>IFA</b>	:	ANZ Singapore Limited, the independent financial adviser to the Independent Directors.
<b>Income Support Deed</b>	:	The deed pursuant to which Allco Principals Investments Pty Limited has agreed to pay to ADLT an amount equivalent to the rental that would otherwise be payable to ADLT during the three-month rent free period from the commencement of the Centrelink Lease.
<b>Income Tax Act</b>	:	Income Tax Act, Chapter 134 of Singapore.
<b>Independent Accountants</b>	:	KPMG.
<b>Independent Directors</b>	:	The independent Directors of the Manager, being Dr. Chua Yong Hai, Mr. Robert Clive West and Mr. Tan Guong Ching.
<b>Independent Tax Adviser</b>	:	KPMG Tax Services Pte. Ltd.
<b>Independent Valuers</b>	:	Independent Valuers for the Centrelink Property and Independent Valuer for the Market Street Property.
<b>Independent Valuers for the Centrelink Property</b>	:	CB Richard Ellis Pty Limited and Colliers International Consultancy and Valuation Pty Limited.
<b>Independent Valuer for the Market Street Property</b>	:	Savills (Singapore) Pty Limited.
<b>Ineligible Purchasers</b>	:	Persons purchasing the Rights Entitlements during the provisional allotment trading period, whose registered addresses with CDP are outside Singapore.
<b>Ineligible Unitholders</b>	:	Unitholders other than Eligible Unitholders.
<b>IRAS</b>	:	Inland Revenue Authority of Singapore.
<b>Latest Practicable Date</b>	:	18 June 2007 being the latest practicable date prior to the printing of this Circular.
<b>Listing Date</b>	:	30 March 2006, being the date Allco REIT was listed on the SGX-ST.
<b>Manager</b>	:	Allco (Singapore) Limited, as manager of Allco REIT.
<b>Market Day</b>	:	A day on which the SGX-ST is open for trading in securities.
<b>Market Street Property</b>	:	The commercial development which is constructed on Lot 418L TS1 at 55 Market Street, Singapore.
<b>Master Lease</b>	:	The agreement entered into between Unicorn and the Trustee pursuant to which the China Square Central Property is leased to Unicorn by the Trustee.
<b>NAV</b>	:	Net asset value.
<b>New Units or Rights Units</b>	:	The new Units to be issued by way of the Rights Issue.

<b>NLA</b>	:	Net lettable area being the area in the building that is to be leased, excluding common areas such as common corridors, lift shafts, fire escape staircases and toilets, and is usually the area in respect of which rent is payable.
<b>Offer Information Statement</b>	:	The offer information statement (including the ARE) that is set out in <b>Annexure A</b> of this Circular.
<b>Offer of Units to the Public</b>	:	An “Offer of Units to the Public”, in relation to any Units in any Relevant Member State, means the communication in any form and by any means of sufficient information on the terms of the offer and the Units to be offered so as to enable an investor to decide to purchase or subscribe for the Units, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.
<b>Original Portfolio</b>	:	100.0% direct interest in the China Square Central Property, 50.0% interest in Central Park (Perth) and a 20.6% indirect interest in AWPF.
<b>Participating Banks</b>	:	DBS Bank Ltd (including POSBank), Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited.
<b>Projection Year 2008</b>	:	1 January 2008 to 31 December 2008 (both dates inclusive).
<b>Property Funds Guidelines</b>	:	The guidelines for real estate investment trusts in Appendix 2 of Code on Collective Investment Schemes issued by the Authority.
<b>Property Manager</b>	:	Allco Asset Management Pte. Ltd.
<b>Prospectus</b>	:	The prospectus dated 30 March 2006 issued by Allco REIT in respect of the listing and quotation of its Units on the Main Board of the SGX-ST.
<b>Prospectus Directive</b>	:	Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.
<b>Purchaser</b>	:	The purchasers of the Rights Entitlements during the provisional allotment trading period.
<b>Real Estate Assets</b>	:	Has the meaning ascribed to the term “Real Estate” in the Trust Deed, which is, any land, and any interest, option or other right in or over any land and includes the holding of shares or units in an unlisted special purpose vehicle.
<b>Real Estate Related Assets</b>	:	Has the meaning ascribed to it in the Trust Deed, which is, listed or unlisted debt securities and listed shares of or issued by property corporations, mortgaged backed securities, units in listed or unlisted unit trusts or interests in other property funds and assets incidental to the ownership of Real Estate, including, without limitation, furniture, carpets, furnishings, machinery and plant equipment installed or used or to be installed or used in association with any Real Estate or building thereon.

<b>Recognised Stock Exchange</b>	:	Any stock exchange of repute in any part of the world.
<b>Record Date</b>	:	In relation to any distributions, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Manager) on which Unitholders must be registered or the Securities Account of Unitholders must be credited with Units in order to participate in such distributions, rights, allotments or other distributions.
<b>Reference Price</b>	:	S\$1.2986 per Rights Unit, being the volume weighted average price for a Unit for all trades on the SGX-ST in the ordinary course of trading for the period of 10 Market Days prior to and including 20 June 2007, being the last day of the Units trading cum rights.
<b>REIT</b>	:	Real estate investment trust.
<b>Relevant Member State</b>	:	Each member state of the European Economic Area which has implemented the Prospectus Directive.
<b>Relevant Particulars</b>	:	The applicant's name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number and application details.
<b>Relevant Parties</b>	:	Unit Registrar, CDP, CPF, the SGX-ST and the Manager.
<b>Remaining Rights Units</b>	:	Rights Units which are remaining (if any) after Excess Rights Units have been satisfied and such Excess Rights Units have been allocated.
<b>Rights Entitlements</b>	:	The provisional allotments of Rights Units to Eligible Unitholders on the basis of two (2) Rights Units for every five (5) Units held by such Eligible Unitholder as at the Books Closure Date, fractions of a Unit to be disregarded.
<b>Rights Issue</b>	:	The renounceable underwritten rights issue of Rights Units at the Rights Issue Price to Eligible Unitholders on the basis of two (2) Rights Units for every five (5) existing Units held by Eligible Unitholders as at the Books Closure Date, fractions of a Unit to be disregarded.
<b>Rights Issue Price</b>	:	S\$1.04 per Rights Unit, being the issue price of the Rights Units.
<b>Rights Units or New Units</b>	:	The new Units to be issued by way of the Rights Issue.
<b>Savills</b>	:	Savills (Singapore) Pte Ltd.
<b>Securities Account</b>	:	Securities account maintained by a Depositor with CDP (but does not include a securities sub-account).
<b>SFA</b>	:	Securities and Futures Act, Chapter 289 of Singapore.
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited.
<b>Sole Underwriter</b>	:	Credit Suisse (Singapore) Limited.

<b>SRS</b>	:	Supplementary Retirement Scheme.
<b>Subscription Agreement</b>	:	The unit subscription agreement entered into by, among others, ARCOT Pty Limited as trustee of ARC Trust and the ADLT Trustee, pursuant to which it was agreed, among others, that ARC Trust shall subscribe for a 50.0% interest in ADLT.
<b>Substantial Unitholder</b>	:	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all outstanding Units.
<b>Taxable Income</b>	:	Income that is subject to Singapore income tax at the prevailing tax rate, currently at 20.0%, after adjusting for allowable expenses.
<b>Taxable Income Distributions</b>	:	Distributions made to Unitholders by Allco REIT from Taxable Income derived from the Market Street Property.
<b>Tax-Exempt Income Distributions</b>	:	Tax-exempt income component of the distributions made by Allco REIT out of the tax-exempt income derived in respect of the Centrelink Property.
<b>TERP</b>	:	<p>S\$1.225, being the theoretical ex-rights issue price where:</p> $\text{TERP} = \frac{\text{Market capitalisation prior to the Rights Issue} + \text{gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$
<b>Trust Deed</b>	:	The trust deed dated 12 September 2005 made between the Manager and the Trustee constituting the Trust as amended and restated by the First Amending and Restating Deed dated 23 February 2006, the Second Amending and Restating Deed dated 20 March 2006, and the Supplemental Deed of Amendment dated 30 April 2007.
<b>Trustee</b>	:	British and Malayan Trustees Ltd, as trustee of Allco REIT.
<b>Tuggeranong Town Centre</b>	:	Tuggeranong town centre in Greenway, Canberra, Australia.
<b>Underwriting Agreement</b>	:	The underwriting agreement dated 26 June 2007 entered into between the Manager and the Sole Underwriter.
<b>Underwriting Price</b>	:	S\$1.14 per Rights Unit which is at the Agreed Premium to the Rights Issue Price, payable in full on application for Excess Rights Units, or as the case may be, the price at which any Remaining Rights Unit will be underwritten by the Sole Underwriter.
<b>Unicorn</b>	:	Unicorn Square Limited (formerly known as Unicorn Square Private Limited).
<b>Unit</b>	:	A unit representing an undivided interest in Allco REIT.
<b>Unitholder</b>	:	A person who holds Units and whose Securities Account with CDP is credited with Units.

<b>Unitholders' Deed</b>	:	The unitholders' deed entered into between, among others, ARCOT Pty Limited as trustee of ARC Trust, and the trustees of the holders of the balance 50.0% interest in ADLT, in relation to the operation and management of the Centrelink Property.
<b>U.S. person</b>	:	Has the meaning given by Regulation S under the U.S. Securities Act.
<b>U.S. Securities Act</b>	:	U.S. Securities Act of 1933, as amended.
<b>WALE</b>	:	Weighted Average Lease Expiry.
<b>S\$ and cents</b>	:	Singapore dollars and cents respectively.

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

The exchange rates used in this Circular are for reference only. No representation is made that any amounts could have been or could be converted into Singapore dollar amounts at any of the exchange rates used in this Circular, at any other rate or at all.

Save for the Financial Statements which are deemed incorporated into this Circular by reference, information contained in the Manager's website does not constitute part of this Circular.

## OFFER INFORMATION STATEMENT

(Lodged with the Monetary Authority of Singapore on 26 June 2007)

**THIS DOCUMENT IS IMPORTANT.** If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser. The collective investment scheme offered in this document is an authorised scheme under the SFA. A copy of this Offer Information Statement has been lodged with the Authority. The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgment of this Offer Information Statement with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the SGX-ST, subject to certain conditions, for the listing and quotation of the Rights Units of Allco REIT on the Official List of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, or Allco REIT.

This Offer Information Statement is not an offer of securities in any jurisdiction, including the United States, except in Singapore. Neither the Rights Entitlements nor the Rights Units have been or will be registered under the U.S. Securities Act, or under the securities laws of any state in the United States and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933 as amended) except in transactions that are exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

No units in Allco REIT shall be allotted on the basis of this Offer Information Statement later than the date falling six months after the date of lodgment of this Offer Information Statement.

In this Offer Information Statement, capitalised terms have the meanings given to them in the Glossary of the Circular.

Allco Commercial REIT



ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST

(A unit trust constituted on 12 September 2005 under the laws of the Republic of Singapore)

MANAGED BY

**ALLCO (SINGAPORE) LIMITED**

**Sole Underwriter for the Rights Issue**

**CREDIT SUISSE** 

In this Offer Information Statement, provide the following information:

## **PART I — FRONT COVER**

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- (1) On the front cover of the offer information statement, provide –**
- (a) the date of lodgment of the offer information statement;**
  - (b) the following statements:**
    - (i) “This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.”; and**
    - (ii) “The collective investment scheme offered in this document is {an authorised/a recognised\*} scheme under the Securities and Futures Act. A copy of this offer information statement has been lodged with the Authority. The Authority assumes no responsibility for the contents of the offer information statement. Lodgment of the offer information statement with the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered for investment.”;**
  - (c) the name of the collective investment scheme (referred to in this Schedule as the Scheme) in which units are being offered, and its place and date of constitution;**
  - (d) a statement to the effect that an application has been or will be made to a securities exchange to list for quotation or quote the units being offered on that securities exchange, and the name of such securities exchange; and**
  - (e) a statement that no units shall be allotted or allocated on the basis of the offer information statement later than 6 months after the date of lodgment of the offer information statement.**

**\*to state accordingly**

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Please refer to the front cover of this Offer Information Statement.

## PART II — BASIC INFORMATION

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**(2) State the names and addresses of –**

- (a) the name and address of the registered office of the manager of the fund (the “Manager”); and**
- (b) each of the directors or equivalent persons of the Manager.**
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- (a) The Manager is Allco (Singapore) Limited and its registered office is located at 55 Market Street, Level 16, Singapore 048941.
- (b) The names and addresses of the Directors as at the Latest Practicable Date are as follows:

<b>Name</b>	<b>Position</b>	<b>Address</b>
Dr. Chua Yong Hai	Chairman and Independent Director	17 Cheng Soon Crescent, Singapore 599889
Mr. Nicholas Paul McGrath	Chief Executive Officer and Managing Director	130 Cairnhill Road, #16-02, Singapore 229717
Mr. Michael Patrick Dwyer	Executive Director	37 Nassim Road, #09-03 Nassim Regency, Singapore 258423
Mr. Christopher John West	Non-Executive Director	6 Irvine Road, Dolans Bay, New South Wales 2219, Australia
Mr. Timothy John Rich	Non-Executive Director	30 Powell Street, Killara, New South Wales 2071, Australia
Mr. Frank John Tearle	Non-Executive Director	41 Stewart Street, Paddington, New South Wales 2021, Australia
Mr. Robert Clive West	Independent Director	56 Connell Road, Oyster Bay, New South Wales 2225 Australia
Mr. Tan Guong Ching	Independent Director	27 Carmichael Road, Singapore 359808

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**(3) State the names and addresses of –**

- (a) the issue manager to the offer, if any;**
- (b) the underwriter to the offer, if any; and**
- (c) the legal adviser for or in relation to the offer, if any.**
- 

- (b) The Sole Underwriter for the Rights Issue is Credit Suisse (Singapore) Limited which is located at 1 Raffles Link, #03/#04-01 South Lobby, Singapore 039393.

- (c) The legal adviser for the Rights Issue, and to the Manager, is WongPartnership, which is located at One George Street, #20-01, Singapore 049145.

The legal adviser to the Sole Underwriter as to English Law is Clifford Chance Wong, which is located at One George Street, 19th floor, Singapore 049145.

The legal adviser to the Sole Underwriter as to Singapore Law is Allen & Gledhill, which is located at One Marina Boulevard, #28-00, Singapore 018989.

The legal adviser to the Trustee is Rodyk & Davidson, which is located at 80 Raffles Place, #32-00 UOB Plaza 1, Singapore 048624.

## PART III — OFFER STATISTICS AND TIMETABLE

### OFFER STATISTICS

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- (4) For each method of offer, state the number of units being offered.
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Up to 198,749,242 Rights Units will be offered pursuant to the Rights Issue.

### METHOD AND TIMETABLE

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- (5) Provide the information referred to in paragraphs 6 to 10 to the extent applicable to –
- the offer procedure; and
  - where there is more than one group of targeted potential investors and the offer procedure is different for each group, the offer procedure for each group of targeted potential investors.
- 

Please see below.

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- (6) State the time at, date on, and period during which the offer will be kept open, and the name and address of the person to whom the purchase or subscription applications are to be submitted. If the exact time, date or period is not known on the date of lodgment of the offer information statement, describe the arrangements for announcing the definitive time, date or period. State the circumstances under which the offer period may be extended or shortened, and the duration by which the period may be extended or shortened. Describe the manner in which any extension or early closure shall be made public.
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Eligible Unitholders will receive this Circular (including the ARE) at their respective Singapore addresses. Eligible Unitholders will receive their Rights Entitlements and are at liberty to accept, renounce or trade their Rights Entitlements on the SGX-ST during the provisional allotment trading period from 28 June 2007 to 6 July 2007. The Rights Issue will be open on 28 June 2007 up to:

- 4.45 p.m. on 12 July 2007 if acceptances of and/or application for the Rights Units and/or Excess Rights Units, as the case may be, are made through CDP in accordance with the applicable ARE or ARS; or
- 9.30 p.m. on 12 July 2007 if acceptances of the Rights Units are made through an ATM of a Participating Bank.

Acceptances should be made by way of Electronic Application, or in the manner set out in the applicable ARE or ARS to **THE CENTRAL DEPOSITORY (PTE) LIMITED**, by hand to **4 SHENTON WAY #02-01, SGX CENTRE 2, SINGAPORE 068807**, or by post, at the Eligible Unitholder's or Purchaser's own risk, in the enclosed self-addressed envelope to **ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST C/O THE CENTRAL DEPOSITORY (PTE) LIMITED. ROBINSON ROAD POST OFFICE P.O. BOX 1597 SINGAPORE 903147**.

Please also refer to **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** and **Annexure C — Additional Terms and Conditions for Electronic Application through an ATM of a Participating Bank** of this Circular for further details.

As at the Latest Practicable Date, the Manager does not expect the timetable set out in the section titled "Indicative Timetable" in the Circular to be modified. However, the Manager may, upon consultation with the Sole Underwriter and with the approval of the SGX-ST, modify the timetable subject to any limitation under any applicable laws. In that event, the Manager will publicly announce the same through a SGXNET announcement to be posted on the SGXNET at <http://www.sgx.com>.

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- (7) State the method and time limit for paying up for the units and, where payment is to be partial, the manner in which, and dates on which, amounts due are to be paid.**
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Please refer to **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** of the Circular and the section titled "Indicative Timetable" of the Circular.

Payments for the Rights Units and the Excess Rights Units are due in full upon acceptance and/or application, as the case may be.

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- (8) State, where applicable, the methods of and time limits for –**
- (a) the delivery of the documents evidencing title to the units being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and**
  - (b) the book-entry transfers of the units being offered in favour of subscribers or purchasers.**
- 

(a) As the Units are traded under the electronic book-entry clearance and settlement system of CDP, there are no documents evidencing title to the Units to be delivered to subscribers or Purchasers.

(b) The Rights Entitlements will be allotted to Eligible Unitholders on or about 28 June 2007 by crediting the Rights Entitlements to the Securities Accounts of Eligible Unitholders.

All Units issued will be represented by entries in the register of Unitholders kept by the Trustee or the agent appointed by the Trustee in the name of, and deposited with CDP as the registered holder of such Units. CDP is appointed pursuant to the Depository Services Agreement. In the case of Eligible Unitholders with valid acceptances and/or successful applications for Excess Rights Units, and their renounees, who have furnished valid Securities Account numbers in the ARE or ARS (as the case may be), the Manager or agent appointed by the Manager shall, not later than 14 days after the Closing Date, issue to CDP a confirmation note confirming the date of issue and the number of Units so issued. Such confirmation note shall be deemed to be a certificate evidencing title to the Units issued, and CDP will thereafter credit such number of Rights Units, and/or the Excess Rights Units, as the case may be, to the Securities Accounts of such Eligible Unitholders and their renounees. CDP will then send notification letters to the relevant Unitholders stating the number of Rights Units, and/or the Excess Rights Units, as the case may be, that have been credited to their Securities Accounts.

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- (9) In the case of any pre-emptive rights to subscribe for or purchase the units being offered, state the procedure for the exercise of any right of pre-emption, the negotiability of such rights and the treatment of such rights which are not exercised.**
- 

Not applicable as there are no pre-emptive rights.

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- (10) Provide a full description of the manner in which results of the allotment or allocation of the units are to be made public and, where appropriate, the manner for refunding excess amounts paid by applicants (including whether interest will be paid).
- 

***Results of the Rights Issue***

The Manager will announce the results of the Rights Issue through a SGXNET announcement to be posted on the internet at the SGX-ST's website <http://www.sgx.com>.

***Manner of Refund***

When any acceptance for Rights Units and/or excess application is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded to such applicant without interest or any share of revenue or other benefit arising therefrom within 14 days after the Closing Date, by:

- (i) means of a crossed cheque drawn on a bank in Singapore by ordinary post, at his own risk, to his mailing address as maintained with CDP, or in such other manner as he may have agreed with CDP for the payment of any cash distributions (where the acceptance and/or application is through CDP); or
- (ii) crediting his bank account with the relevant Participating Bank (where acceptance is through such relevant Participating Bank) at his own risk, the receipt by such Participating Bank being a good discharge by Allco REIT and CDP of their obligations.

Please also refer to **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** and **Annexure C — Additional Terms and Conditions for Electronic Application through an ATM of a Participating Bank** of the Circular for further details.

## PART IV — KEY INFORMATION

### USE OF PROCEEDS FROM OFFER AND EXPENSES INCURRED

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- (11) In the same section, provide the information set out in paragraphs 12 to 17.
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Please see below.

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- (12) **Disclose the estimated amount of the proceeds from the offer (net of the estimated amount of expenses incurred in connection with the offer) (referred to in this paragraph as the net proceeds). Where only a part of the net proceeds will go into the property of the Scheme, indicate such amount. If none of the proceeds will go into the property of the Scheme, provide a statement of that fact.**
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The amount of the net proceeds from the Rights Issue is estimated to be S\$199.5 million, all of which will go into the property of Allco REIT.

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- (13) **Disclose how the net proceeds from the offer will be allocated to each principal intended use. If the anticipated proceeds will not be sufficient to fund all of the intended uses, disclose the order of priority of such uses, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed uses. Where specific uses are not known for any portion of the proceeds, disclose the general uses for which the proceeds are proposed to be applied. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors or equivalent persons of the Manager, must be raised by the offer of units.**
- 

Subject to the relevant laws and regulations, the Manager intends to utilise S\$138.3 million of the net proceeds of the Rights Issue to finance the Centrelink Acquisition, and S\$61.0 million to repay existing debt so as to partially refinance its existing portfolio following the acquisition of the Market Street Property. The Manager may, at its absolute discretion, utilise the proceeds of the Rights Issue to acquire any other suitable property or properties for Allco REIT, and/or for general corporate purposes.

Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds of the Rights Issue may be deposited with banks and/or financial institutions or used for any other purpose on a short-term basis as the Directors may, in their absolute discretion, deem fit.

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- (14) **For each dollar of the proceeds from the offer, state the estimated amount that will be allocated to each principal intended use and the estimated amount that will be used to pay for expenses incurred in connection with the offer.**
- 

For each dollar of the proceeds from the Rights Issue, the Manager intends to allocate:

- (i) 66.9 cents to finance the Centrelink Acquisition;
- (ii) 29.5 cents to be utilised to repay existing debt so as to partially refinance Allco REIT's existing portfolio following the acquisition of the Market Street Property;
- (iii) 2.0 cents (excluding GST and other applicable taxes) to pay for the underwriting commissions, incentive fees and related expenses payable to the Sole Underwriter;

- (iv) 0.5 cents (excluding GST and other applicable taxes) to pay for the provision of certain arranger services payable to Allco Funds Management (including but not limited to rendering advice on the structure of the Rights Issue, preparation of relevant documentation and liaising with the professional advisers) in connection with the Rights Issue;
- (v) 1.0 cent (excluding GST and other applicable taxes) to pay for the professional and other fees and expenses expected to be incurred by Allco REIT in connection with the Rights Issue; and
- (vi) the balance for other general corporate and working capital purposes.

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**(15) If any of the proceeds from the offer will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business, briefly describe the asset and state its purchase price. If the asset has been or will be acquired from a person specified as an interested party by the Authority in the Code on Collective Investment Schemes, identify the interested party and state how the cost to the Scheme is or will be determined.**

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The Centrelink Acquisition is being made by Allco REIT in the ordinary course of its business. Please see page 3 of this Circular for more details of the Centrelink Property.

The Centrelink Acquisition is regarded as an interested party transaction under the Property Funds Guidelines because:

- Mr. David Coe is the Executive Chairman of Allco Finance Group, the sponsor of Allco REIT. Allco Finance Group holds an indirect interest of 16.1% in Allco REIT; and
- Mr David Coe beneficially holds a 25.5% interest in Redshift Corporation Pty Limited, the entity with which Allco REIT had negotiated in relation to the subscription of its 50.0% indirect interest in the Centrelink Property.

In connection with the Centrelink Acquisition, Mr. David Coe is an interested party under the Property Funds Guidelines.

Pursuant to the Property Funds Guidelines, two independent valuations have been obtained for the Centrelink Property, one of which was commissioned independently by the Trustee. The Manager had obtained an independent valuation from CBRE, and the Trustee had commissioned and obtained an independent valuation from Colliers. The purchase price for the Centrelink Acquisition is A\$108.75 million (S\$136.3 million based on an exchange rate of S\$1.00 = A\$0.7979, being the rate at which Allco REIT has entered into a foreign exchange derivative instrument to purchase the Centrelink Property), which is the average of the two assessed values.

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**(16) If any of the proceeds from the offer will be used to finance or refinance the acquisition of a business, briefly describe the business and give information on the status of the acquisition.**

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Not applicable as none of the proceeds from the Rights Issue will be used to finance or refinance the acquisition of a business.

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- (17) If any material part of the proceeds from the offer will be used to discharge, reduce or retire the indebtedness of the Scheme, describe the maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds giving rise to such indebtedness were put.**
- 

The Manager intends to use S\$61.0 million of the net proceeds from the Rights Issue to repay part of a S\$234.0 million loan entered into on 22 March 2006 and which matures on 29 March 2008.

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- (18) In the section containing the information referred to in paragraphs 12 to 17 or in an adjoining section, disclose the amount of discount or commission agreed upon between the underwriters or other placement or selling agents in relation to the offer and the person making the offer. If it is not possible to state the amount of discount or commission, the method by which it is to be determined must be explained.**
- 

The Manager will pay to the Sole Underwriter an underwriting commission of 1.75% and a discretionary fee (if any) of 0.25% of the gross proceeds of the Rights Issue.

The amount of such discretionary incentive fee, if any, shall be determined at the absolute discretion of the Manager but will in any event, not exceed 0.25% of the gross proceeds of the Rights Issue.

## **INFORMATION ON THE SCHEME**

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- (19) Provide the following information –**

- (a) the nature of the operations and principal activities of the Scheme;**
- 

Allco REIT is a real estate investment trust which has been established with a view to investing in high quality office and retail properties across the Asia-Pacific region. Allco REIT has been listed on the Main Board of the SGX-ST since the Listing Date (SGX:ALLC).

Allco REIT is managed by a professional and experienced team at the Manager. The Manager is ultimately 100.0% owned by Allco Finance Group, an Australian financial services company specialising in asset-based financing and fund management activities. Allco Finance Group is listed on the Australian Securities Exchange (ASX:AFG).

As at the Latest Practicable Date, Allco REIT's portfolio of investments comprised:

- (i) a 100.0% direct interest in the China Square Central Property, comprising a grade "A" office tower, a retail complex and car park located in Singapore, valued at S\$422.0 million<sup>(1)</sup>;
- (ii) a 50.0% indirect interest in Central Park (Perth), a "premium" grade office tower located in Perth, Australia, valued at S\$310.7 million<sup>(2)</sup>;
- (iii) a 20.6% indirect interest in AWPf, an unlisted, registered managed investment scheme, valued at S\$56.4 million<sup>(2)</sup>;
- (iv) a 100.0% direct interest in the Market Street Property in Singapore's financial district valued at S\$91.0 million<sup>(1)</sup>; and

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(1) As at 31 December 2006.

(2) As at 31 December 2006, and based on an exchange rate of S\$1.00 = A\$0.8256 as at 31 December 2006.

- (v) a 50.0% indirect interest in the Centrelink Property, purchased at a consideration of A\$108.75 million (S\$136.3 million<sup>(3)</sup>).

- 
- (19) (b) the general development of the Scheme from the beginning of the period comprising the 3 most recent completed financial years to the latest practicable date, indicating any material change in the affairs of the Scheme since –**
- (i) the end of the most recent completed financial year for which financial information have been published; or**
  - (ii) the end of any subsequent interim period if interim financial information have been published;**
- 

The general development of Allco REIT since its establishment is set out below:

<b>Date</b>	<b>General Development</b>
12 September 2005	Establishment of Allco REIT
30 March 2006	Units listed on the Main Board of the SGX-ST and trading commenced on the SGX-ST on a “ready basis”
30 March 2006	Completion of the acquisition of 100.0% direct interest in the China Square Central Property
30 March 2006	Completion of the acquisition of 50.0% indirect interest in Central Park (Perth)
30 March 2006	Completion of the investment of 20.6% indirect interest in AWPf
2 June 2006	Allco REIT entered into a conditional sale and purchase agreement with CP Grace One Pte Ltd for the purchase of 100.0% direct interest in the Market Street Property
22 November 2006	Completion of the acquisition of 100.0% direct interest in the Market Street Property
25 May 2007	Allco REIT, through its wholly-owned subsidiary, ARC Trust, entered into the Subscription Agreement to subscribe for a 50.0% indirect interest in ADLT to effect the Centrelink Acquisition
18 June 2007	Completion of the Centrelink Acquisition

Save as disclosed above, there have been no material changes in the affairs of Allco REIT since 31 March 2007 being the last day of the period covered by the Financial Information.

- 
- (19) (c) the participants’ funds in and borrowings of the Scheme, as at the latest practicable date, showing –**
- (i) in the case of the participants’ funds, the number of units issued and the number of units outstanding; or**
  - (ii) in the case of borrowings, the total amount of the borrowings outstanding, together with the rate of interest (whether fixed or floating) payable thereon;**
- 

- (i) As at the Latest Practicable Date, there were 496,873,106 Units issued and outstanding.

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(3) Based on an exchange rate of S\$1.00 = A\$0.7979, being the rate at which Allco REIT entered into a foreign exchange derivative instrument to purchase the Centrelink Property.

- (ii) The total amount of Allco REIT's outstanding borrowings (excluding interest) as at the Latest Practicable Date is S\$306.0 million. The composition of these borrowings together with the rate of interest (whether fixed or floating) is set out in the table below:

<u>Size of borrowing</u>	<u>Effective Interest Rate as at the Latest Practicable Date</u>
S\$225.0 million	Effective interest rate of 3.78% (fixed)
S\$9.0 million	Floating interest rate of Singapore Dollar Swap Offer Rate + 0.2%
S\$70.0 million	Fixed interest rate of 3.38% (fixed)
S\$2.0 million	Floating interest rate of Singapore Dollar Swap Offer Rate + 0.2%

**(19) (d) the number of units of the Scheme owned by each substantial participant as at the latest practicable date;**

Based on the Register of Substantial Unitholders maintained by the Manager, the Substantial Unitholders and their respective interests (direct and indirect) in the Units as at the Latest Practicable Date are as follows:

<u>Substantial Unitholders</u>	<u>Direct Interest</u>	<u>Indirect (deemed) Interest</u>	<u>Percentage<sup>(1)</sup></u>
	<u>(Units)</u>	<u>(Units)</u>	<u>(%)</u>
Allco Finance (Australia) Limited <sup>(2)</sup>	—	79,768,106 <sup>(3)</sup>	16.054
Allco Finance Group Limited <sup>(2)</sup>	—	79,768,106 <sup>(3)</sup>	16.054
Allco International (Holdings) Limited <sup>(2)</sup>	—	79,768,106 <sup>(3)</sup>	16.054
Allco (Singapore) Holdings Limited <sup>(2)</sup>	—	79,768,106 <sup>(3)</sup>	16.054
The Capital Group Companies, Inc <sup>(4)</sup>	—	79,024,000	15.904
Allco Singapore Investments Pte. Ltd. <sup>(2)</sup>	73,500,000	—	14.793
Alice F. Evarts <sup>(5)</sup>	—	49,000,000	9.862
Charles E. Ellwein <sup>(5)</sup>	—	49,000,000	9.862
Chun R. Ding <sup>(5)</sup>	—	49,000,000	9.862
David I. Cohen <sup>(6)</sup>	—	49,000,000	9.862
Derek C. Schrier <sup>(5)</sup>	—	49,000,000	9.862
Gregory S. Swart <sup>(5)</sup>	—	49,000,000	9.862
Jason E. Moment <sup>(5)</sup>	—	49,000,000	9.862
Mark C. Wehrly <sup>(5)</sup>	—	49,000,000	9.862
Monica R. Landry <sup>(5)</sup>	—	49,000,000	9.862
Noonday Asset Management, L.P. <sup>(7)</sup>	—	49,000,000	9.862
Noonday Capital, L.L.C. <sup>(6)</sup>	—	49,000,000	9.862
Rajiv A. Patel <sup>(5)</sup>	—	49,000,000	9.862
Richard B. Fried <sup>(5)</sup>	—	49,000,000	9.862
Saurabh K. Mittal <sup>(6)</sup>	—	49,000,000	9.862
Stephen L. Millham <sup>(5)</sup>	—	49,000,000	9.862
Thomas F. Steyer <sup>(8)</sup>	—	49,000,000	9.862
William F. Duhamel <sup>(5)</sup>	—	49,000,000	9.862
William F. Mellin <sup>(5)</sup>	—	49,000,000	9.862

Substantial Unitholders	Direct Interest	Indirect (deemed) Interest	Percentage <sup>(1)</sup>
	(Units)	(Units)	(%)
Farallon Capital Management, L.L.C. <sup>(5)(7)(8)</sup>	—	35,693,300	7.184
Enso Capital Management <sup>(9)</sup>	—	29,713,007	5.980
Joshua A. Fink <sup>(9)</sup>	—	29,713,007	5.980
Farallon Capital Offshore Investors, Inc. <sup>(7)</sup>	29,587,900	—	5.955

**Notes:**

- (1) Total direct and indirect (deemed) interest as a percentage of the total Units outstanding.
- (2) The Manager, Allco (Singapore) Limited, the parent company of Allco Origination Pte. Ltd. and Allco Asset Management Pte. Ltd, have deemed interests of 5,249,615 Units in Allco REIT due to 4,000,002 Units and 1,249,613 Units held by Allco Origination Pte. Ltd. and Allco Asset Management Pte. Ltd. respectively. Allco Singapore Investments Pte. Ltd. and Allco (Singapore) Limited are both wholly owned subsidiaries of Allco Singapore Holdings Limited. Allco Singapore Holdings Limited is a wholly owned subsidiary of Allco International (Holdings) Limited. Allco Finance (Australia) Limited, which owns 100% of Allco International (Holdings) Limited, is a wholly owned subsidiary of Allco Finance Group Limited.
- (3) Allco Finance (Australia) Limited, Allco Finance Group Limited, Allco (Singapore) Holdings Limited, and Allco International (Holdings) Limited, each has (i) a deemed interest of 79,768,106 Units, due to 73,500,000 Units held by Allco Singapore Investments Pte. Ltd., (ii) a deemed interest of 5,249,615 Units held by Allco (Singapore) Limited, and (iii) a direct interest of 1,018,491 Units held by Allco (Singapore) Limited.
- (4) The Capital Group Companies, Inc (“CGC”) is a holding company for several subsidiary companies engaged in investment management activities. The investment activities are divided into two operational groups, represented by Capital Research and Management Company (“CRMC”) and Capital Group International, Inc (“CGII”). CRMC is a U.S.-based investment adviser that manages The American Funds Group of mutual funds. CGII is the parent company of five companies that serve as investment managers to various institutional clients around the globe. Capital Guardian Trust Company in the U.S., Capital International, Inc. in the U.S. and Singapore, Capital International Limited in the United Kingdom, Capital International S.A. in Switzerland and Capital International K.K. in Japan. Neither CGC nor any of its subsidiaries own units in Allco REIT for their own account. Rather, the Units as reported are owned by accounts under discretionary investment management of one or more of the investment management companies as described above. Furthermore, CRMC and CGII act separately from one another and from CGC in exercising investment discretion over their managed accounts.
- (5) Chun R. Ding, William F. Duhamel, Charles E. Ellwein, Alice F. Evarts, Richard B. Fried, Monica R. Landry, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier, Gregory S. Swart and Mark C. Wehrly, as the Managing Members of both Farallon Capital Management, L.L.C. and Farallon Partners, L.L.C., with the power to direct their actions, may be deemed to be substantial unitholders of all such Units owned directly by Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc., and Noonday Offshore, Inc.
- (6) David I. Cohen and Saurabh K. Mittal, as Managing Members of Noonday Capital, L.L.C., with the power to direct its actions, may be deemed to be substantial unitholders of all such Units owned directly by Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc., and Noonday Offshore, Inc.
- (7) Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc., and Noonday Offshore, Inc. directly own Units of 13,306,700, 29,587,900 and 6,105,400 respectively. Farallon Capital Management, L.L.C., as investment adviser to Farallon Capital Offshore Investors, Inc. and Noonday Offshore, Inc., may be deemed to be substantial unitholder with respect to all such Units directly owned by Farallon Capital Offshore Investors, Inc. and Noonday Offshore, Inc., Noonday Asset Management Asia Pte. Ltd., as the investment sub-adviser to Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc., and Noonday Offshore, Inc., may be deemed to be a substantial shareholder with respect to all such Units directly owned by Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc. and Noonday Asset Management, L.P., as the sole shareholder of Noonday Asset Management Asia Pte. Ltd. may be deemed to be a substantial shareholder with respect to all such Units directly owned by Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc. and Noonday Offshore, Inc.
- (8) Thomas F. Steyer, as the Senior Managing Member of both Farallon Capital Management, L.L.C. and Farallon Partners, L.L.C., with the power to direct their actions, may be deemed to be substantial unitholder of all such Units owned directly by Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors, Inc., and Noonday Offshore, Inc.

- (9) 20,411,115 Units and 6,071,869 Units held by Enso MAS and Enso LEV respectively. Enso Ltd, as a general partner of Enso MAS and Enso LEV, is deemed to have an interest in the Units held by Enso MAS and Enso LEV. Enso LLC is deemed to have an interest in such Units through its controlling interest in Enso Ltd. Enso LLC is also the investment manager to Enso MAS and Enso LEV. 3,230,023 Units held by HFR HE Jade Master Trust (“HFR”). Enso LLC, as the investment manager to HFR, may be deemed to have an interest in the Units held by HFR. Mr Joshua A. Fink is deemed to have an interest in the Units held by Enso MAS, Enso LEV and HFR through his interest in Enso LLC.

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- (19) (e) any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgment of the offer information statement, a material effect on the Scheme’s financial position or profitability;**
- 

To the best of the Manager’s knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Manager, may have or have had, in the 12 months immediately preceding the date of lodgment of this Offer Information Statement, a material effect on the financial position or profitability of Allco REIT.

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- (19) (f) where any units in the Scheme have been issued within the 12 months immediately preceding the latest practicable date –**
- (i) if the units have been issued for cash, state the prices at which the units have been issued and the number of units issued at each price; or**
  - (ii) if the units have been issued for services, state the nature and value of the services and give the name and address of the person who received the units; and**
- 

- (i) There have been no Units issued by the Manager for cash or services within the 12 months immediately preceding the Latest Practicable Date.
- (ii) The only Units issued within the 12 months immediately preceding the Latest Practicable Date have been to the Property Manager, Allco Asset Management Pte. Ltd., which is located at 55 Market Street, Level 16, Singapore 048941, and to the Manager, Allco (Singapore) Limited, which is located at 55 Market Street, Level 16, Singapore 048941.

The Property Manager provides property management services relating to the Real Estate Assets held by Allco REIT. Pursuant to a property management agreement dated 23 February 2006, the Property Manager is entitled to receive property manager’s fees for the provision of the property management services. The Property Manager may, in the sole and absolute discretion of the Manager, be paid in the form of Units in Allco REIT and/or in the form of cash.

The Manager’s main responsibility is to manage Allco REIT for the benefit of Unitholders. In particular, the Manager will provide the following services to Allco REIT:

- investment strategy;
- acquisitions and disposal;
- financing;
- planning and reporting;
- administration;
- investor relations;
- compliance management; and
- accounting records.

Pursuant to the Trust Deed, the Manager is entitled to receive management fees for the provision of the management services. The management fees may, in the sole discretion of the Manager, be paid in the form of Units and/or in the form of cash.

Where the property manager's fees and/or the management fees, as the case may be, were paid in the form of Units, the issue price of such Units was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the 10 business days immediately preceding the respective date of the issue of the Units.

<b>Date of Issue</b>	<b>Party receiving Units and Purpose for Issue of Units</b>	<b>Number of Units</b>
7 September 2006	Property Manager, for property management fees for the three-month period from 1 April 2006 to 30 June 2006	358,405
2 October 2006	Property Manager, for property management fees for the three-month period from 1 July 2006 to 30 September 2006	347,327
13 February 2007	Property Manager, for property management fees for the three-month period from 1 October 2006 to 31 December 2006	277,417
20 April 2007	Property Manager, for property management fees for the three-month period from 1 January 2007 to 31 March 2007	266,464
20 April 2007	Manager, for management fees for the three-month period from 1 January 2007 to 31 March 2007	1,018,491

- (19) (g) a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the trustee for the Scheme (acting in its capacity as trustee of the Scheme) is a party, for the period of 2 years before the date of lodgment of the offer information statement, including the parties to the contract, the date and general nature of the contract, and the amount of any consideration passing to or from the Scheme.**

Save as disclosed below, the Trustee or the Manager has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two years preceding the date of lodgment of this Offer Information Statement:

- (a) the Trust Deed dated 12 September 2005 made between the Manager and the Trustee constituting the Trust as amended and restated by the First Amending and Restating Deed dated 23 February 2006, the Second Amending and Restating Deed dated 20 March 2006, and the Supplemental Deed of Amendment dated 30 April 2007;
- (b) the Offer Agreement dated 23 March 2006 entered into between the Manager and Allco Finance Group (as sponsor) and the Sole Underwriter and DBS Bank Ltd (as joint lead underwriters and bookrunners) for the underwriting of the public offer of Units pursuant to the initial public offering of Units, for an underwriting commission of 3.50% of an amount equal to the gross proceeds of Units subscribed under the initial public offering paid by Allco REIT;
- (c) the Placement Agreement dated 23 March 2006 entered into between the Manager and the Sole Underwriter and DBS Bank Ltd (as joint lead underwriters), Macquarie Securities (Singapore) Pte Limited (as sub-underwriter) and UOB Kay Hian Pte Ltd (as sub-underwriter) for the underwriting of the placement of Units pursuant to the initial public offering of Units, for a combined underwriting and selling commission of 3.50% of the amount equal to the gross proceeds of Units subscribed under the placement paid by Allco REIT;
- (d) Depository Services Agreement dated 31 March 2006 entered into between CDP, the Manager and the Trustee relating to the deposit of the Units in CDP;

- (e) the Deed of Undertaking dated 17 May 2007 executed by ASI in favour of the Manager pursuant to which ASI has irrevocably undertaken to subscribe and/or procure subscribers for all its Rights Entitlements in full under the Rights Issue; and
- (f) the Underwriting Agreement dated 26 June 2007 entered into between the Manager and the Sole Underwriter for the underwriting of the Rights Units pursuant to the Rights Issue, for an underwriting commission of 1.75% and a discretionary fee (if any) of 0.25% of the gross proceeds of the Rights Issue, to be paid by Allco REIT.

## PART V — OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### OPERATING RESULTS

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- (20) (1) Provide selected data from –
- (a) the audited income statement of the Scheme for each financial year (being one of the 3 most recent completed financial years) for which that statement has been published; and
  - (b) any interim income statement of the Scheme for any subsequent period for which that statement has been published.
- (2) The data referred to in sub-paragraph (1) shall include the line items in the income statement of the Scheme and shall in addition include the following items –
- (a) distribution per unit;
  - (b) earnings or loss per unit; and
  - (c) earnings or loss per unit after any adjustment to reflect the sale of new units.
- 

Allco REIT was constituted on 12 September 2005 and listed on the SGX-ST on the Listing Date. Accordingly, Allco REIT has audited financial information only for the period from 12 September 2005 (the date of establishment of Allco REIT) to 31 December 2006.

Please refer to **Appendix 2 — Financial Information** of this Offer Information Statement, which includes selected data for the period from 12 September 2005 to 31 December 2006 and the period from 1 January 2007 to 31 March 2007, including the data required in 2(a) and (b).

The earnings per unit after adjusting for 198,749,242 Rights Units being issued pursuant to the Rights Issue are as follows:

	Group	
	Period from 12/9/2005 to 31/12/2006	Period from 1/1/2007 to 31/3/2007
Pro-forma earnings per Unit (cents)		
Basic . . . . .	21.74	0.53
Diluted . . . . .	21.74	0.53

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- (21) (1) In respect of –
- (a) each financial year (being one of the 3 most recent completed financial years) for which financial statements have been published; and
  - (b) any subsequent period for which interim financial statements have been published, provide information regarding any significant factor, including any unusual or infrequent event or new development, which materially affected income available for distribution to participants after tax, and indicate the extent to which such income was so affected.
- (2) Describe any other significant component of revenue or expenditure necessary to understand the income available for distribution to participants after tax for each of the financial periods referred to in sub-paragraph (1).
-

Allco REIT was constituted on 12 September 2005 and listed on the SGX-ST on the Listing Date. Accordingly, Allco REIT has audited financial information only for the period from 12 September 2005 (the date of establishment of Allco REIT) to 31 December 2006.

For the financial period from 12 September 2005 to 31 December 2006, the income available for distribution to Unitholders after tax per Unit was 4.58 cents which was 5.3% higher than the forecast distribution per Unit set out in the Prospectus. The positive variation was largely due to a reduction in the amount of income tax payable due to higher than forecasted deductions to taxable income and the redeemable preference share restructure in August 2006.

For the financial period from 1 January 2007 to 31 March 2007<sup>(1)</sup>, the income available for distribution to Unitholders after tax per Unit was 1.60 cents which was 8.8% higher than the projection per Unit set out in the Prospectus. The positive variation was largely due to the redeemable preference share restructure in August 2006, a reduction in the amount of income tax payable (\$\$477,000 less than the forecast in the Prospectus) and strong rental growth in the Perth property market (Central Park (Perth)'s net property income was 7.3% higher than the forecast in the Prospectus).

On 22 November 2006, Allco REIT acquired the Market Street Property. The net property income arising from this acquisition did not materially affect income available for distribution to Unitholders in the financial periods described above.

## FINANCIAL POSITION

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- (22) (1) **Provide selected data from the balance sheet of the Scheme as at the end of –**
- (a) **the most recent completed financial year for which audited financial statements have been published; or**
  - (b) **if interim financial statements have been published for any subsequent period, that period.**
- (2) **The data referred to in sub-paragraph (1) shall include the line items in the audited or interim balance sheet of the Scheme and shall in addition include the following items –**
- (a) **number of units after any adjustment to reflect the sale of new units;**
  - (b) **net asset value per unit; and**
  - (c) **net asset value per unit after any adjustment to reflect the sale of new units;**
- 

Please refer to **Appendix 2 — Financial Information** of this Offer Information Statement, which includes selected data as at 31 December 2006 and 31 March 2007, including the line items set out in 2(a) and (b).

The number of Units outstanding and the net asset value per Unit after adjusting for 198,749,242 Rights Units being issued pursuant to the Rights Issue are as follows:

	<b>As at 31/12/2006</b>	<b>As at 31/3/2007</b>
Pro-forma number of Units outstanding	694,337,393	695,622,348
Pro-forma net asset value per unit (S\$)	1.12	1.11

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(1) The forecast is based on the management's projection for the period from 1 January 2007 to 31 December 2007, pro-rated for 1 January 2007 to 31 March 2007.

## LIQUIDITY AND CAPITAL RESOURCES

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**(23) Provide an evaluation of the material sources and amounts of cash flows from operating, investing and financing activities in respect of –**

- (a) the most recent completed financial year for which financial statements have been published; and**
  - (b) if interim financial statements have been published for any subsequent period, that period.**
- 

**(a) *Financial Period from 12 September 2005 and 31 December 2006***

During the financial period from 12 September 2005 to 31 December 2006, the amount of cash flow from the operating activities of Allco REIT was S\$20.5 million. The source of these funds was net property income and changes in working capital. The amount of cash out flow from investing activities of Allco REIT was S\$764.2 million. These funds were utilised for the acquisition of the Existing Portfolio and the 55 Market Street Property. The amount of cash flow from financing activities of Allco REIT was S\$751.8 million, which included S\$304.0 million of bank borrowings and proceeds of S\$490.6 million from the issue of units in Allco REIT.

**(b) *Financial Period from 1 January 2007 to 31 March 2007***

During the financial period from 1 January 2007 to 31 March 2007, the amount of cash flow from the operating activities of Allco REIT was S\$15.4 million. The source of these funds was net property income and changes in working capital. The amount of cash flow from investing activities was S\$535,000. The amount of cash out flow from financing activities was S\$18.0 million, which included S\$15.1 million in distributions paid to Unitholders in February 2007 and interest paid.

Please refer to **Appendix 2 — Financial Information** of this Offer Information Statement for further information.

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**(24) Provide a statement by the Manager as to whether, in its reasonable opinion, the working capital available to the Scheme as at the date of lodgment of the offer information statement is sufficient for present requirements and, if insufficient, how the additional working capital considered by the Manager to be necessary is proposed to be provided.**

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The Manager is of the view that, in its reasonable opinion, the working capital available to Allco REIT, after taking into account the loan facilities available to Allco REIT as at the date of lodgment of this Offer Information Statement, is sufficient for the present requirements of Allco REIT.

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**(25) If the Scheme is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the Scheme's financial position and results or business operations, or the investments by participants in the Scheme, provide –**

- (a) a statement of that fact;**
  - (b) details of the credit arrangement or bank loan; and**
  - (c) any action taken or to be taken by the Manager to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable);**
-

To the best of the Manager's knowledge and belief, Allco REIT is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect Allco REIT's financial position and results or business operations, or the investments by Unitholders.

## TREND INFORMATION AND FORECAST OR PROJECTION

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- (26) Discuss, for at least the current financial year, the business and financial prospects of the Scheme, as well as any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on revenue, net property income, profitability, liquidity or capital resources, or that would cause the financial information disclosed in the offer information statement to be not necessarily indicative of the future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.**
- 

The Manager believes that the outlook for Allco REIT remains positive in view of the strong commercial property market in Singapore and Perth.

Further, since the establishment of Allco REIT, the Manager has endeavoured to increase the property yield of Allco REIT's property portfolio and achieve long-term growth through active management of its Real Estate Assets, pursuing acquisition opportunities and active capital management.

The Manager believes that these strategies have helped Allco REIT to outperform its forecast as set out in its Prospectus.

Barring any unforeseen circumstances, the Manager remains optimistic about the business and financial prospects of Allco REIT for the current financial year ending 31 December 2007.

Please refer to **Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection** of this Offer Information Statement for more business and financial prospects of Allco REIT.

Save as disclosed in the circular to Unitholders dated 26 May 2007, this Circular and the Offer Information Statement, in particular **Appendix 1 — Special Business Factors or Risks**, the Directors are not aware of any known trends, uncertainties, demands, commitments or events for the current financial year ending 31 December 2007, that are reasonably likely to have a material effect on net revenues, net property income, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Circular and this Offer Information Statement to be not necessarily indicative of the future operating results or financial condition of Allco REIT. In respect of the performance of the Group for the current financial year ending 31 December 2007 and save as disclosed, the Directors are not aware of any factor relating to the business and financial prospects of the Group and/or trends that will have a material effect on Allco REIT's financial condition and operating results.

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- (27) (1) Except as provided in sub-paragraphs (2) and (3), the offer information statement shall not –**
- (a) include any prediction, projection or forecast as to the future or likely performance of the Scheme; or**
  - (b) use words such as “targeted” or “expected” or any similar words or description in relation to a rate of return.**

- (2) The offer information statement may include a prediction, projection or forecast on the economy or the economic trends of the markets which are targeted by the Scheme, but such prediction, projection or forecast shall be accompanied by a prominent statement to the effect that the prediction, projection or forecast is not necessarily indicative of the future or likely performance of the Scheme.
- (3) The offer information statement may include a forecast or projection in relation to the Scheme (including, where applicable, any yield to be generated by any new asset or property proposed to be acquired by the Scheme) in the offer information statement, provided that –
- (a) if the forecasted or projected yields of the units in the Scheme are stated in percentage terms –
- (i) such yields are presented on an annualised basis; and
- (ii) it is prominently stated in the offer information statement that such forecasted or projected yields are calculated based on a stated reference price or standard reference prices and that such yields will vary accordingly for investors who purchase units in the secondary market at a market price higher or lower than the stated reference price or prices;
- (b) the assumptions underlying such forecast or projection are reasonable, and are stated clearly and explicitly in the offer information statement; and
- (c) the forecast or projection is accompanied by the items referred to in subparagraph (4).
- (4) The items referred to in paragraph (3) (c) are –
- (a) a statement by an auditor of the Scheme as to whether such forecast or projection is –
- (i) properly prepared on the basis of the assumptions;
- (ii) consistent with accounting policies adopted by the Manager in respect of the Scheme; and
- (iii) presented in accordance with acceptable accounting standards adopted by the Manager in the preparation of the financial information of the Scheme;
- (b) where –
- (i) the forecast or projection is in respect of a period ending on a date not later than the end of the current financial year of the Scheme –
- (A) a statement by the issue manager to the offer or any other person whose profession or reputation gives authority to the statement made by him, that the forecast or projection has been stated by the Manager after due and careful enquiry and consideration; or
- (B) a statement by an auditor of the Scheme, prepared on the basis of his examination of the evidence supporting the assumptions and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection; or
- (ii) the forecast or projection is in respect of a period ending on a date after the end of the current financial year of the Scheme –
- (A) a statement by the issue manager to the offer or any other person whose profession or reputation gives authority to the statement made

by him, prepared on the basis of his examination of the evidence supporting the assumptions, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection; or

(B) a statement by an auditor of the Scheme, prepared on the basis of his examination of the evidence supporting the assumptions and in accordance with the Singapore Standards on Auditing or such other auditing standards as may be approved in any particular case by the Authority, to the effect that no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the forecast or projection;

(c) a sensitivity analysis; and

(d) a confirmation from the Manager that the forecast or projection has been properly prepared on the basis of appropriate and reasonable assumptions.

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(1) to (4)(c) Please refer to **Appendix 3 — Consolidated Profit Forecast and Consolidated Profit Projection** and **Appendix 4 — Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection** of this Offer Information Statement.

(4)(d) The Manager confirms that the forecast and projection have been properly prepared on the basis of appropriate and reasonable assumptions.

## **SIGNIFICANT CHANGES**

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(28) Disclose any event that has occurred from the end of –

(a) the most recent completed financial year for which financial statements have been published; or

(b) if interim financial statements have been published for any subsequent period, that period

to the latest practicable date which may have a material effect on the financial position and results of the Scheme or, if there is no such event, provide an appropriate negative statement.

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Save for the Centrelink Acquisition, to the best of the Manager's knowledge and belief, no event has occurred from 31 March 2007, being the last day of the period covered by the Financial Information, to the Latest Practicable Date, which may have a material effect on the financial position and results of Allco REIT.

## **MEANING OF "PUBLISHED"**

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(29) In this Part, "published" includes publication in a prospectus, in an annual report or on the SGXNET.

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Noted.

## PART VI — THE OFFER AND LISTING

### OFFER AND LISTING DETAILS

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- (30) Indicate the price at which the units are being offered and the amount of any expense specifically charged to the subscriber or purchaser. If it is not possible to state the offer price at the date of lodgment of the offer information statement, the method by which the offer price is to be determined must be explained.**
- 

The Rights Issue Price is S\$1.04 for each Rights Unit.

Application for Excess Rights Units is at the Underwriting Price of S\$1.14 for each Excess Rights Unit applied for.

The expenses incurred in the Rights Issue will not be specifically charged to subscribers or purchasers of the Rights Units. However, applicants for Rights Units will be required to pay an administrative fee of up to S\$2.00 to the relevant Participating Bank for each successful Electronic Application.

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- (31) If –**

- (a) any of the Scheme's participants have pre-emptive rights to subscribe for or purchase the units being offered; and**
- (b) the exercise of the rights by the participant is restricted, withdrawn or waived, indicate the reasons for such restriction, withdrawal or waiver, the beneficiary of such restriction, withdrawal or waiver, if any, and the basis for the offer price.**
- 

- (a) Not applicable as there are no pre-emptive rights to subscribe for or purchase the Rights Units.
- (b) Not applicable as the exercise of the Rights Entitlements by Eligible Unitholders is not restricted, withdrawn or waived.
- 

- (32) If units in the Scheme and of the same class as those being offered are listed for quotation on any securities exchange –**

- (a) in a case where the first-mentioned units have been listed for quotation on the securities exchange for at least 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units –**
- (i) for each of the 12 calendar months immediately preceding the calendar month in which the latest practicable date falls; and**
- (ii) for the period from the beginning of the calendar month which the latest practicable date falls to the latest practicable date;**
- 

The highest and lowest market prices for the Units and the volume of Units traded on the SGX-ST for each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

Month	Price Range		Volume of Units Traded
	Lowest Price	Highest Price	
	(S\$ per Unit)		('000)
June 2006	0.780	0.870	26,340
July 2006	0.795	0.860	42,056
August 2006	0.845	0.920	41,583
September 2006	0.885	0.925	63,814
October 2006	0.930	0.965	25,281
November 2006	0.950	1.000	65,330
December 2006	0.945	1.110	28,030
January 2007	1.100	1.190	26,887
February 2007	1.140	1.350	54,552
March 2007	1.110	1.290	34,915
April 2007	1.220	1.310	21,898
May 2007	1.270	1.400	31,414
1 June 2007 to the Latest Practicable Date	1.250	1.340	16,662

Source: Bloomberg\*

\* Bloomberg L.P. has not consented to the inclusion of the price range of Units quoted under this section and is thereby not liable for such information under Sections 253 and 254 of the SFA. The Manager has included the above price range of Units in their proper form and context in this Offer Information Statement and has not verified the accuracy of these statements.

- (32) (b) in a case where the first-mentioned units have been listed for quotation on the securities exchange for less than 12 months immediately preceding the latest practicable date, disclose the highest and lowest market prices of the first-mentioned units –**
- (i) for each calendar month immediately preceding the calendar month in which the latest practicable date falls; and**
  - (ii) for the period from the beginning of the calendar month in which the latest practicable date falls to the latest practicable date;**

Not applicable as Allco REIT was listed on the SGX-ST on the Listing Date, which is not less than 12 months immediately preceding the Latest Practicable Date.

- (32) (c) disclose any significant trading suspension that has occurred on the securities exchange during the 3 years immediately preceding the latest practicable date or, if the units have been listed for quotation for less than 3 years, during the period from the date on which the units were first listed on the securities exchange, to the latest practicable date; and**

Not applicable as there has been no trading suspension of the Units on the SGX-ST since Allco REIT's Listing Date to the Latest Practicable Date.

- 
- (32) (d) disclose information on any lack of liquidity, if the units are not regularly traded on the securities exchange.**
- 

Not applicable as the Units are regularly traded on the Main Board of the SGX-ST.

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- (33) Where the units being offered are not identical to the units already issued in the same collective investment scheme, provide –**
- (a) a statement of the rights, preferences and restrictions attached to the units being offered; and**
  - (b) an indication of the resolutions, authorisations and approvals by virtue of which the Manager may create or issue further units to rank in priority to or *pari passu* with the units being offered.**
- 

Not applicable as the Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Existing Units save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.

## **PLAN OF DISTRIBUTION**

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- (34) Indicate the amount, and outline briefly the plan of distribution, of the units that are to be offered otherwise than through underwriters. If the units are to be offered through the selling efforts of any broker or dealer, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify each broker or dealer that will participate in the offer and state the amount to be offered through each broker or dealer.**
- 

### **Basis of Provisional Allotment**

The Rights Issue is made on a renounceable underwritten basis on the basis of two (2) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date at the Rights Issue Price and is underwritten by the Sole Underwriter. Applications by Eligible Unitholders for Excess Rights Units will be made at the Underwriting Price.

Fractions of a Unit will be disregarded and will be aggregated with entitlements to the Rights Units not taken up by the Eligible Unitholders, their respective renounees or the Purchasers of the Rights Entitlements, together with the unsold “nil-paid” Rights Entitlements (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for any reason, and shall be used to satisfy excess applications for the Rights Units (if any).

The Rights Units are payable in full upon acceptance and/or application and upon allotment and issue, will rank *pari passu* in all respects with the Existing Units save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.

Eligible Unitholders are at liberty to accept in part or in full, renounce or trade their Rights Entitlements and will be eligible to apply for Excess Rights Units. Eligible Unitholders will be able to trade their Rights Entitlements on the SGX-ST during the provisional allotment trading period from 28 June 2007 to 6 July 2007.

The Rights Units represented by the provisional allotments of:

- Eligible Unitholders who do not accept and elect not to renounce or trade their Rights Entitlements under the Rights Issue (during the provisional allotment trading period prescribed by the SGX-ST);
- Ineligible Unitholders; and/or
- Purchasers who have not, for any reason, accepted the Rights Entitlements,

will be issued to satisfy Excess Rights Units applications. CDP takes no responsibility for any decisions that the Directors may make.

In the allotment of Excess Rights Units, preference will be given to Eligible Unitholders (other than Substantial Unitholders and Directors) for rounding of odd lots, and Substantial Unitholders and Directors will rank last in priority.

The Remaining Rights Units, after all applications for Excess Rights Units have been satisfied, will be underwritten by the Sole Underwriter on the terms of the Underwriting Agreement at the Underwriting Price.

### **Ineligible Unitholders**

The provisional allotments of Rights Units will not be made to Ineligible Unitholders and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

The making of the Rights Issue may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders. **Save as provided herein, and for the avoidance of doubt, Ineligible Unitholders are not eligible to participate in the Rights Issue except to the extent the Agreed Premium is paid to them in respect of each Rights Unit they would otherwise have been provisionally allotted had they been Eligible Unitholders as at the Books Closure Date.**

This Circular (including the ARE) will also not be despatched to Ineligible Purchasers. Allco REIT further reserves the right to reject any acceptances of Rights Units and/or applications for excess Rights Units where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. Allco REIT reserves the right to treat as invalid any ARE or ARS which (a) appears to Allco REIT or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, or (b) purports to exclude any deemed representation or warranty.

**Notwithstanding the above, Unitholders and any other person having possession of this Circular are advised to inform themselves of and to observe all legal requirements applicable thereto. No person in any territory outside Singapore receiving this Circular may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**

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**(35) Provide a summary of the features of the underwriting relationship together with the amount of units being underwritten by each underwriter.**

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The Sole Underwriter for the Rights Issue is Credit Suisse (Singapore) Limited. Pursuant to the terms of the Underwriting Agreement, the Rights Units represented by any Remaining Rights Units will be underwritten by the Sole Underwriter at the Underwriting Price of S\$1.14 per Rights Unit which is the aggregate of the Rights Issue Price and the Agreed Premium. The Agreed Premium is S\$0.10 per Rights Unit.

Pursuant to the Underwriting Agreement, the Sole Underwriter will pay or procure the payment of:

- (i) the Rights Issue Price for each Remaining Rights Unit to Allco REIT; and
- (ii) the Agreed Premium in respect of each Remaining Rights Unit.

The Agreed Premium will be paid to (i) Eligible Unitholders who do not renounce or trade their Rights Entitlements and do not accept their Rights Units, (ii) Ineligible Unitholders and (iii) Purchasers who have not, for any reason, accepted the Rights Entitlements, to enable them to realise value on their unitholdings, or Rights Entitlements, as the case may be. The Agreed Premium has been determined by agreement between the Manager and the Sole Underwriter having regard to, among others, the discount which the Rights Issue Price represents to the Reference Price and the TERP. The Agreed Premium does not purport to represent the actual value of the Rights Entitlements.

The Sole Underwriter and its affiliates may engage in transactions with, and perform services for, Allco Finance Group and its subsidiaries, the Manager and the Group in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and/or investment banking transactions with the Manager and the Group for which they have received, or may in the future receive, customary compensation.

## PART VII — ADDITIONAL INFORMATION

### STATEMENTS BY EXPERTS

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- (36) Where a statement or report attributed to a person as an expert is included in the offer information statement, provide the name, address and qualifications of that person.
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***Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection***

The Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Forecast in **Appendix 4 — Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection** was prepared by the Independent Accountants, KPMG (Partner-in-charge: Leong Kok Keong), Certified Public Accountants, which is located at 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581.

***Independent Taxation Report***

The Independent Taxation Report in **Appendix 6 — Independent Taxation Report** was prepared by the Independent Tax Adviser, KPMG Tax Services Pte. Ltd., which is located at 16 Raffles Quay, #22-00 Hong Leong Building, Singapore 048581.

***Valuations of the Centrelink Property and the Market Street Property***

The valuation of the Centrelink Property and the Market Street Property were prepared by the following licensed valuers, as the Independent Valuers:

<b>Independent Valuers</b>	<b>Address</b>	<b>Properties valued</b>
CBRE	363 George Street, Level 26, Sydney, NSW 2000 Australia	Centrelink Property
Colliers	Level 1, 1-3 Torrens Street, Braddon, Act 2612, Australia	Centrelink Property
Savills	2 Shenton Way, #17-01 SGX Centre 1, Singapore 068804	Market Street Property

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- (37) Where the offer information statement contains any statement (including what purports to be a copy of, or extract from, a report, memorandum or valuation) made by an expert –
- state the date on which the statement was made;
  - state whether or not it was prepared by the expert for the purpose of incorporation in the offer information statement; and
  - include a statement that the expert has given and has not withdrawn his written consent to the issue of the offer information statement with the inclusion of the statement in the form and context in which it is included in the offer information statement.

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The Independent Accountants' Report on the Consolidated Profit Forecast and the Consolidated Profit Projection dated 26 June 2007 in **Appendix 4 — Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection** was prepared by the Independent Accountants for the purpose of incorporation in this Offer Information Statement. The Independent Accountants have given, and have not, before the lodgment of this Offer Information Statement, withdrawn their written consent to the issue of this Offer Information Statement with the inclusion of the Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection in the form and context in which it is included in this Offer Information Statement.

The Independent Taxation Report dated 26 June 2007 in **Appendix 6 — Independent Taxation Report** was prepared by the Independent Tax Adviser for the purpose of incorporation in this Offer Information Statement. The Independent Tax Adviser has given, and has not, before the lodgment of this Offer Information Statement, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of the Independent Taxation Report in the form and context in which it is included in this Offer Information Statement.

The Independent Valuers for the Centrelink Property had respectively issued valuation reports dated 4 May 2007 in respect of the Centrelink Property. The Independent Valuer for the Market Street Property had issued a valuation report dated 4 May 2007 in respect of the Market Street Property. The valuations of the Centrelink Property and the Market Street Property were not prepared by the Independent Valuers for the purpose of incorporation in this Offer Information Statement. Each of the Independent Valuers has given and has not, before the lodgment of this Offer Information Statement, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of its name and all references to its name in the form and context in which it is included in this Offer Information Statement.

## **CONSENTS FROM ISSUE MANAGERS AND UNDERWRITERS**

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- (38) Where a person is named in the offer information statement as the issue manager or underwriter (but not a sub-underwriter) to the offer, include a statement that the person has given, and has not withdrawn, his written consent to being named in the offer information statement as the issue manager or underwriter, as the case may be, to the offer.**
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The Sole Underwriter has given, and has not, before the lodgment of this Offer Information Statement, withdrawn its written consent to being named in this Offer Information Statement as the Sole Underwriter to the Rights Issue.

## **OTHER MATTERS**

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- (39) Include particulars of any other matters not disclosed under any other paragraph of this Schedule which could materially affect, directly or indirectly –**
- (a) the operations or financial position or results of the Scheme; or**
  - (b) investments by participants of the Scheme.**
- 

Allco REIT is subject to the Code on Collective Investment Schemes issued by the Authority. The Code on Collective Investment Schemes can be currently viewed on the website of the Authority at <http://www.mas.gov.sg>.

In addition, the Authority has, on 23 March 2007, released a consultation paper setting out a list of proposed amendments to the Property Funds Guidelines. Among some of the proposed amendments to the Property Funds Guidelines are the following:

(i) *Safeguards for Distributions to Unitholders*

The Authority is proposing to allow a REIT to pay dividends in excess of current income if the manager of the REIT:

- (a) certifies, in consultation with the trustee of the REIT, that the REIT will be able to pay, from its trust property, its liabilities as they fall due; and
- (b) discloses its distribution policy as well as the measures and assumptions for deriving the amount available to be distributed from the trust property.

(ii) *Minimum Threshold for Investment in Real Estate*

Currently, the Property Funds Guidelines require at least 35.0% of a REIT's assets to be invested in real estate and at least 70.0% of a REIT's assets to be invested in real estate and real estate-related assets.

The Authority is proposing to amend the Property Funds Guidelines to require REITs to invest at least 75.0% of their assets in income producing real estate and up to 25.0% of the assets of the REIT may be invested in other permissible investments, such as real estate-related assets, cash, government securities, listed or unlisted debt securities, or listed shares of companies not in the real estate business.

(iii) *Revenue from Non-Rental Operations*

The Authority is proposing to amend the Property Funds Guidelines to formalise the policy that not more than 10.0% of a REIT's revenue can be derived from sources other than:

- (a) rental payments to be made by tenants of properties held by the REIT; and
- (b) interest, dividends, and other similar payments from special purpose vehicles and other permissible investments held by the REIT.

(iv) *Trustee's Responsibilities in Interested Person Transactions*

Currently, two independent valuations are required for all acquisitions from or disposals to interested parties. For interested party transactions that do not require unitholders' approval (i.e. value of the interested party transaction is less than 5.0% of the REIT's net asset value), the trustee is required to provide a written confirmation that the transaction is carried out on normal commercial terms and is not prejudicial to the interests of unitholders if:

- (a) the acquisition price is more than the lower of the two valuations; or
- (b) the disposal price is less than the higher of the two valuations.

The Authority is proposing to amend the Property Funds Guidelines to require such confirmation from the trustee of the REIT only when:

- (a) the acquisition price is more than the average of the two valuations; or
- (b) the disposal price is less than the average of the two valuations.

(v) *Trustee's duties in reviewing contracts*

Currently, trustees of REITs are required to ensure that all contracts entered into on behalf of the REIT are legal, valid, binding, and enforceable by or on behalf of the REIT in accordance with its terms.

The Authority is proposing to amend the Property Funds Guidelines to require trustees of REITs to review only material contracts which:

- (a) constitute 5.0% or more of the REIT's gross revenue; or
- (b) are not entered into in the ordinary course of business (such as acquisitions and borrowings).

(vi) *Desktop Valuations of Real Estate*

Currently, a desktop valuation of all the real estate assets of a REIT has to be conducted prior to the issuance of new units in a REIT following its initial public offering if the last valuation is more than six months old.

The Authority is proposing to remove this requirement for a desktop valuation if the REIT manager confirms that there is no material change in the value of the properties since they were last valued.

(vii) *Independent Expert Certification for Interested Party Transactions*

Currently, where the value of a proposed interested party transaction is equal to or greater than 5.0% of the net asset value of a REIT, an independent expert is required to opine on whether the transaction is carried out on normal commercial terms and is not prejudicial to the interests of unitholders. This is in addition to the requirement for two independent valuations to be conducted on the real estate that is the subject of the transaction.

The Authority is proposing to amend the Property Funds Guidelines to remove the requirement for an independent expert to render an opinion.

(viii) *Unitholders' Approval of Interested Party Transactions*

Currently, unitholders' approval is required for interested party transactions with values equal to or greater than 5.0% of the net asset value of a REIT in a financial year. All transactions with the same interested party during the financial year would be aggregated to ascertain if the 5.0% threshold is reached. Once the 5.0% threshold is reached, unitholders' approval is required to be obtained for every subsequent transaction with the same interested party during that financial year.

The Authority is proposing to amend the Property Funds Guidelines such that once a REIT has obtained unitholders' approval to enter into transactions with an interested party with a total value equal to or greater than 5.0% of its net asset value during a financial year, the REIT need not obtain unitholders' approval for subsequent transactions with that interested party for the remaining period of that financial year unless the total value of those subsequent transactions constitutes more than 5.0% of its net asset value.

(ix) *Licensing Framework for REIT Managers*

The Authority is proposing to licence managers of REITs under the SFA, which will result in the introduction of capital requirements and licence fees for managers of REITs and their professional employees.

Managers of REITs which are already listed on the date that the legislative amendments come into effect will be migrated to the licensing regime. During the transitional period, which is envisaged to last six months, existing managers of REITs will have to furnish particulars on the company, its shareholders, directors and management. The criteria for managers of REITs as set out in the Property Funds Guidelines will continue to apply to these managers.

It is intended that all professional employees of managers of REITs will hold a capital markets services representative's licence and meet minimum entry and examination requirements similar to those applicable to existing capital markets services representatives conducting other regulated activities.

Allco REIT is subject to the Singapore Code on Take-overs and Mergers issued by the Authority. In a practice statement dated 8 June 2007, the Securities Industry Council has decided to extend the ambit of the Singapore Code on Take-overs and Mergers to property trusts structured as collective investment schemes. Therefore, when (i) parties intend to acquire units in a REIT such that the respective unitholdings of such parties exceed 30.0% or more of the total units in a REIT, or (ii) when parties holding not less than 30.0% but not more than 50.0% of the total units of a REIT, acquire more than 1.0% of the total units of a REIT in any six-month period, they will have an obligation to make a general offer for the REIT.

Save as disclosed in this Offer Information Statement, including the Appendices to this Offer Information Statement, the Manager is not aware of any other matters which could materially affect, directly or indirectly, the operations or financial position or results of Allco REIT or investments by Unitholders.

**PART VIII — ADDITIONAL INFORMATION REQUIRED FOR OFFER  
OF UNITS BY WAY OF RIGHTS ISSUE**

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**(40) Provide –**

- (a) the particulars of the rights issue;**
  - (b) the last day and time for splitting of the provisional allotment of the units to be issued pursuant to the rights issue;**
  - (c) the last day and time for acceptance of and payment for the units to be issued pursuant to the rights issue;**
  - (d) the last day and time for renunciation of and payment by the renounee for the units to be issued pursuant to the rights issue;**
  - (e) the terms and conditions of the offer of units to be issued pursuant to the rights issue;**
  - (f) the particulars of any undertaking from the substantial participants of the Scheme to subscribe for their entitlements; and**
  - (g) if the rights issue is or will not be underwritten, the reason for not underwriting the issue.**
- 

**(a) The particulars of the Rights Issue:**

Method of Offer	:	Renounceable underwritten Rights Issue
Issue Size	:	Up to 198,749,242 Rights Units.
Basis of Rights Entitlements	:	Two (2) Rights Units for every five (5) Existing Units held by Eligible Unitholders as at the Books Closure Date, fractions of a Unit to be disregarded.
Rights Issue Price	:	S\$1.04 per Rights Unit payable in full on acceptance. The Rights Issue Price represents a discount of 19.9% to the Reference Price.
Status of the Rights Units	:	The Rights Units, when allotted and issued, will rank <i>pari passu</i> in all respects with the Existing Units save for any distributions, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Units.
Eligibility to Participate in the Rights Issue	:	Unitholders with Units standing to the credit of their Securities Accounts and (i) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and who are not in the United States, U.S. persons or acting for the account or benefit of U.S. persons or (ii) who Allco REIT considers, in its sole discretion, may be offered Rights Entitlements or New Units without breaching applicable securities laws will be provisionally allotted the Rights Units under the Rights Issue.

Eligible Unitholders' Option : Eligible Unitholders are at liberty to accept in part or in full, decline or otherwise renounce or trade on the SGX-ST (during the provisional allotment trading period from 28 June 2007 to 6 July 2007) their Rights Entitlements and are eligible to subscribe for Excess Rights Units.

**Applications for Excess Rights Units by Eligible Unitholders may be made at the Underwriting Price.**

For the avoidance of doubt, purchasers of Rights Entitlements during the provisional allotment trading period are not eligible to subscribe for Excess Rights Units.

The procedures for acceptance, excess applications and payment by Eligible Unitholders are set out in **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** of the Circular.

Provisional allotments of Rights Units will not be offered to Ineligible Unitholders and no purported acceptance thereof or application therefore by Ineligible Unitholders will be valid.

Ineligible Unitholders should refer to the description set out in the section titled "Eligibility of Unitholders to Participate in the Rights Issue" of the Circular.

Underwriting Price : S\$1.14 per Rights Unit, payable in full on application for Excess Rights Units which is at the Agreed Premium to the Rights Issue Price. Any remaining Rights Units will be underwritten by the Sole Underwriter at the Underwriting Price.

Agreed Premium : S\$0.10 per Rights Unit.

The Agreed Premium will be paid to (i) Eligible Unitholders who do not renounce or trade their Rights Entitlements and do not accept their Rights Units, (ii) Ineligible Unitholders and (iii) Purchasers who have not, for any reason, accepted the Rights Entitlements, to enable them to realise value on their unitholding or Rights Entitlements, as the case may be. The Agreed Premium has been determined by agreement between the Manager and the Sole Underwriter having regard to, among others, the discount which the Rights Issue Price represents to the market price of the Units prior to the Books Closure Date and the TERP. The Agreed Premium does not purport to represent the actual value of the Rights Entitlements.

Underwriting	<p>: The Sole Underwriter for the Rights Issue is Credit Suisse (Singapore) Limited. Pursuant to the terms of the Underwriting Agreement, the Rights Units represented by any Remaining Rights Units will be underwritten by the Sole Underwriter at the Underwriting Price.</p> <p>Pursuant to the Underwriting Agreement, the Sole Underwriter will pay or procure the payment of:</p> <ul style="list-style-type: none"> <li>• the Rights Issue Price for each Remaining Rights Unit to Allco REIT; and</li> <li>• the Agreed Premium in respect of each Remaining Rights Unit.</li> </ul> <p>The Sole Underwriter and its affiliates may engage in transactions with, and perform services for, Allco Finance Group and its subsidiaries, the Manager and the Group in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and/or investment banking transactions with the Manager and the Group for which they have received, or may in the future receive, customary compensation.</p>
Listing of the Rights Units	<p>: Approval in-principle, subject to certain conditions, has been obtained from the SGX-ST on 8 June 2007 for the listing and quotation of the Rights Units on the Official List of the SGX-ST. The in-principle approval of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue or the Rights Units.</p>
Trading of the Rights Units and Odd Lots	<p>: Upon the listing and quotation of the Rights Units on the Official List of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP.</p> <p>Eligible Unitholders can trade in odd lots of Units on the SGX-ST's Unit Share Market.</p>

Use of CPF Funds : Approval has been obtained from the CPF Board for those members participating in the CPF Investment Scheme to use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF accounts to pay for the Rights Units. Such members who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF monies will need to instruct the respective approved banks, where such members hold their CPF investment accounts, to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with the Offer Information Statement. CPF monies may not, however, be used for the purchase of the Rights Entitlements directly from the market.

Governing Law : Laws of the Republic of Singapore.

- (b) Not applicable as there are no unit certificates.
- (c) The last date and time for acceptance of and payment for the Rights Units is 12 July 2007 at 4.45 p.m. (9.30 p.m. for Electronic Applications).
- (d) The last date and time for renunciation of and payment by renounees for the Rights Units is 12 July 2007 at 4.45 p.m..
- (e) The terms and conditions of the offer of Rights Units are found in **Annexure B — Procedures for Acceptance, Payment and Excess Application for Rights Units under the Rights Issue by Eligible Unitholders** and **Annexure C — Additional Terms and Conditions for Electronic Application Through an ATM of a Participating Bank** of the Circular.
- (f) Pursuant to the Deed of Undertaking, ASI, a Substantial Unitholder, has irrevocably undertaken to subscribe and/or procure subscriptions and payment for its Rights Entitlements in full under the Rights Issue.

The Deed of Undertaking shall lapse and cease to have any effect in the event that the Rights Issue is not completed by 31 July 2007 or such later date as the parties may mutually agree.

ASI has a 14.8% unitholding in Allco REIT as at the Latest Practicable Date. Pursuant to the Deed of Undertaking, it is expected that ASI will retain its 14.8% unitholding upon completion of the Rights Issue.

- (g) Not applicable as the Rights Issue is underwritten.

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Offer Information Statement and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Offer Information Statement are fair and accurate in all material respects as at the date of this Offer Information Statement and there are no material facts the omission of which would make any statement in this Offer Information Statement misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offer Information Statement.

Dated this 26th day of June 2007

**FOR AND ON BEHALF OF  
ALLCO (SINGAPORE) LIMITED**

\_\_\_\_\_  
Chua Yong Hai

\_\_\_\_\_  
Nicholas Paul McGrath

\_\_\_\_\_  
Michael Patrick Dwyer

\_\_\_\_\_  
Christopher John West

\_\_\_\_\_  
Timothy John Rich

\_\_\_\_\_  
Frank John Tearle

\_\_\_\_\_  
Robert Clive West

\_\_\_\_\_  
Tan Guong Ching

## SPECIAL BUSINESS FACTORS OR RISKS

*Details of a few special business factors or risks which could materially affect Allco REIT are set out below. Details of other risk factors are set out in the Prospectus.*

### **Risk Relating to the Acquisitions**

#### ***The Acquisitions may be subject to risks associated with the acquisition of properties***

While the Manager believes that reasonable due diligence investigations have been conducted with respect to the Acquisitions, there is no assurance that the Centrelink Property and the Market Street Property will not have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses, or payment or other obligations to third parties. The reports and information that the Manager has relied upon as part of its due diligence investigations may contain inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors.

As the Centrelink Property is a new building, defects and deficiencies may take time to surface, by which time any new building warranty may have expired. As a result, Allco REIT may incur additional costs to rectify such defects and/or deficiencies.

In addition, laws and regulations (including those in relation to real estate) may have been breached and certain regulatory requirements in relation to the Centrelink Property may not have been complied with, which the Manager's due diligence investigations did not uncover. As a result, Allco REIT may incur financial or other obligations in relation to such breaches or non-compliance.

#### ***There is no assurance that the other joint venture partner in ADLT will co-operate with Allco REIT on matters concerning the Centrelink Property***

As Allco REIT will acquire a 50.0% indirect interest in the Centrelink Property (through a 100.0% interest in ARC Trust), there may be risks associated with such partial and joint ownership, such as the liquidity, value and management of the Centrelink Property. For example, a deadlock in the decision-making process of the management committee of the Centrelink Property (comprising representatives of the joint owners of the property) may result in a delay in the making of operational decisions in relation to the Centrelink Property until dispute resolution processes have been exhausted. Such delays and disputes may adversely affect the quality of management of the Centrelink Property and consequently its reputation and ability to attract or retain tenants will also be adversely affected.

#### ***The Centrelink Property will be leased to a single tenant. Any breach of the Centrelink Lease by Centrelink, the only tenant, may result in Allco REIT not achieving its profit forecast or profit projection***

100.0% of the NLA of the Centrelink Property is leased to a single tenant, namely, Centrelink. The Centrelink Lease will expire in 2035 (assuming Centrelink exercises its option to renew the lease for two additional consecutive terms of five years each). Should Centrelink fail to renew its lease, or terminate the lease before the end of the term, the whole of the Centrelink Property will be vacant until new tenants are secured. Such vacancy will adversely affect the ability of Allco REIT to make distributions to the Unitholders.

***There is no assurance that certification of completion of construction of the Centrelink Property will be issued prior to 3 July 2007***

Subject to certification of completion of construction of the Centrelink Property, which is expected to be issued prior to 3 July 2007, the Centrelink Property will be leased to Centrelink, from 4 July 2007. There is however no assurance that such certification will be issued prior to such date. In the event that certification is not issued prior to 3 July 2007, the Centrelink Lease will only commence from the day after which the certification is issued. Consequently, Allco REIT will only begin to receive rental from the Centrelink Property from the date that the Centrelink Lease commences, and not from 4 July 2007 as is currently envisaged. This may have an adverse impact on Allco REIT's ability to meet its profit forecast and its ability to make distributions.

***There is a risk of enforcing the securities provided under the Design and Construct Agreement and the Agreement to Design, Construct and Lease in relation to the Centrelink Property***

The ADLT Trustee will be relying on securities provided by Multiplex Constructions Pty Ltd to the ADLT Trustee under the Agreement to Design, Construct and Lease dated 14 September 2005 and the Design and Construct Agreement dated 30 June 2005, in the form of a performance guarantee and indemnity from Multiplex Limited, which Multiplex Constructions Pty Ltd provided to the ADLT Trustee under the Design and Construct Agreement and which the ADLT Trustee in turn provided to Centrelink under the Agreement to Design, Construct and Lease. The ADLT Trustee's reliance on these two forms of security carries more risk in terms of enforcing the security than if the ADLT Trustee held a bankers' guarantee or performance bond. Enforcement of the securities provided under the Design and Construct Agreement and the Agreement to Design, Construct and Lease would also take more time and incur more expense than enforcement of a bank undertaking held by the ADLT Trustee.

***Unitholders may not be entitled to the full benefits of upside in the relevant Canberra commercial property markets in terms of the distributions which they receive from Allco REIT***

Under the Centrelink Lease, the Centrelink Property will be leased to Allco REIT for a term of 18 years with an option given to Centrelink to renew for two further terms of 10 years. The annual rent for the Centrelink Property will be increased by 3.0% per annum. During the initial 18-year term of the Centrelink Lease, if the Canberra commercial property market exhibits higher growth than the rental step-up provided in the Centrelink Lease, Unitholders will not be able to take advantage of such growth in the property market as the rental increases are fixed under the Centrelink Lease.

***Under the Centrelink Lease, Allco REIT has an obligation to achieve and maintain an ABGR of 4.5 stars***

There is no assurance that an ABGR of 4.5 stars can be achieved and maintained during the term of the Centrelink Lease. The Centrelink Property will be leased to Centrelink for an initial term of 18 years. Under the terms of the lease, the Landlord must achieve and maintain an ABGR of 4.5 stars as the final survey to be undertaken in respect of the Centrelink Property. The landlord, ADLT Trustee, will be required to grant a rebate on the rental collected in the event the Centrelink Property does not achieve and maintain an ABGR of 4.5 stars during the term of the lease. The rate of rebate may vary from 1.0% of the rental payable (in the event an ABGR of 4 stars is obtained) to 5.0% of the rental payable (if an ABGR of 4 stars is not achieved). Under the ABGR scheme, the ABGR will not be known until approximately 18 months from the certification of completion of construction of the Centrelink Property. Consequently, if an ABGR of 4.5 stars is not obtained after the 18 months, the rental received by ADLT will be reduced as a result of the aforementioned rebates on the rental collected and consequently distributions to Allco REIT will also be reduced.

***Allco REIT has the benefit of income support in relation to Centrelink Property for the first three months of the Centrelink Lease and should the Income Support Deed be breached or terminated, Allco REIT will not receive rental during the rent-free period***

For a period of three months from the commencement of the Centrelink Lease, Allco REIT will have the benefit of income support from Allco Principals Investments Pty Ltd pursuant to the Income Support Deed. Under the Income Support Deed, Allco Principals Investments Pty Ltd has agreed to provide income support for the Centrelink Property during the first three months of the Centrelink Lease, the rent-free period. If Allco Principals Investments Pty Ltd fails to comply with its obligations under the Income Support Deed, this may have a negative impact on Allco REIT's ability to meet its profit forecast and its ability to make distributions.

***The units in ADLT are subject to restrictions under the Unitholders' Deed and Allco REIT may not freely deal with the units and hence its interest in Centrelink Property***

Under the Unitholders' Deed, no party may deal (excluding grants of any mortgages) with any units in the ADLT unless the units are all of the units in ADLT held by that party and the transferee or person having the benefit of the dealing of the units is a single person. The dealing of the units must also be a disposal to another party to the Unitholders' Deed or a related entity of such party. Disposals of units in ADLT can be in respect of part of the relevant party's units only if, among others, the units in ADLT held by such party is not less than 10.0% of the issued units. Allco REIT will not be able to dispose part of its interest in the Centrelink Property to an unrelated third party, and in the event that such disposal could yield greater returns for Unitholders, Unitholders will not be entitled to the benefits of such disposal.

***The Market Street Property faces competition from other commercial properties in the Singapore central business district***

The income and market value of the Market Street Property will be largely dependent on the ability of Market Street Property to compete against other office properties in the Singapore central business district in attracting and retaining tenants. Important factors that affect the ability of commercial properties to attract or retain tenants include the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients, the quality of the building's existing tenants and the performance of the building's property manager. Should the Market Street Property be unable to compete against other office properties in the Singapore central business district, it would in turn adversely affect Allco REIT's operating results and its ability to generate revenue and make distributions to Unitholders.

***Property valuations may be subjective and are based upon a number of assumptions, and there can be no assurance that the price at which the Centrelink Property may be sold will reflect its appraised value***

The consideration for the Centrelink Property is based on the appraised values of the Centrelink Property as appraised by the Independent Valuers. The valuations were conducted using the income capitalisation approach, discounted cash flow analysis and direct comparison approach methods of valuation. Property valuations (including the appraisals conducted by the Independent Valuers, may include a subjective determination of certain factors relating to the Centrelink Property, such as its relative market positions, its financial and competitive strengths and its physical conditions.

The valuations are also based upon a number of assumptions, such as the income and expenses of the Centrelink Property and market conditions. Although such assumptions are based on research, there can be no assurance that these assumptions are accurate measures of the market. In addition to other assumptions, a valuation using discounted cash flow analysis is based on an assumption that the property being valued will be sold at the end of the holding period. To the extent that any assumptions do not reflect the true market situation at any given time, then the appraised values may differ from the actual consideration for which the Centrelink Property could be sold.

The determination of the appraised values by the Independent Valuers for the Centrelink Property does not guarantee that any part of the whole of the Centrelink Property can be sold at the appraised values at present or in the future. Therefore, the price at which the Centrelink Property may be sold may, on a proportionate basis, be lower than the consideration paid by Allco REIT for its interest in the Centrelink Property.

## **Risks Relating to Allco REIT's Properties**

### ***The loss of key tenants or a downturn in the businesses of tenants of Allco REIT's properties could have an adverse effect on the financial condition and results of operations of Allco REIT***

The top 10 largest tenants of Allco REIT account for 84.1% of the NLA and 78.0% of gross cash flow of Allco REIT for the Forecast Period 2007. Following the expiry or early termination of the Master Lease, Allco REIT will be dependent upon the key tenants of the China Square Central Property, the key tenants of Central Park (Perth) and Centrelink for a significant portion of Allco REIT's revenue. If these tenants become bankrupt or insolvent, suffer a downturn in business, prematurely terminate their leases, do not renew their leases at expiry, or reduce their leased space in the properties, the revenue of Allco REIT could be adversely affected. Replacement tenants on satisfactory terms may not be found in a timely manner or at all.

The loss of one or more of the key tenants of Allco REIT's properties could result in periods of vacancy which could adversely affect Allco REIT's rental and other income. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than current leases. This would in turn adversely affect Allco REIT's operating results and its ability to generate revenue and make distributions to Unitholders.

### ***The properties in Allco REIT's Enlarged Portfolio are located in Singapore and Australia, which exposes Allco REIT to economic and real estate market conditions in Singapore and Australia***

Allco REIT is subject to the risks associated with countries in which the Enlarged Portfolio are located. The business, prospects, profitability and asset values of the properties in the Enlarged Portfolio, and hence the value of the Units may be materially and adversely affected by factors such as:

- unexpected changes in governmental laws and regulations;
- the ability of the Manager to deal with multiple and diverse regulatory regimes;
- potentially adverse tax consequences;
- fluctuations in exchange rates between S\$ and the local currency in the event Allco REIT is unable to adopt a suitable hedging strategy;
- currency fluctuation and regulation risks including imposition or tightening of foreign exchange controls or restrictions on repatriation of dividends or profits;
- social unrest or political instability; and
- adverse economic, political and other conditions.

In particular, the legal and regulatory regimes in the countries in which the Enlarged Portfolio are located may be uncertain and subject to unforeseen changes. At times, the interpretation or application of laws and regulations in such jurisdictions is unclear. Allco REIT or the Manager has no control over such conditions and developments and cannot provide any assurance that such conditions and developments will not have a material adverse effect on the operations, financial condition and results of operations of the Enlarged Portfolio or the price of, or market for, the Units.

***Renovation works may disrupt the collection of rental income and/or the operations of Allco REIT***

The demand and rental rates for space in Allco REIT's properties are likely to be affected by the quality, architecture and design of the properties. These properties may need to undergo renovation works, refurbishment and/or improvements to the building facade from time to time. During the period of such renovation works, the business and operations of the properties may be disrupted and it may not be possible to collect rental income on space affected by such renovation works. The disruption caused by renovation works may adversely affect Allco REIT's results of operations and its ability to make distributions to Unitholders.

***Maintenance and repair costs may adversely affect Allco REIT's results of operations and distributions***

All commercial properties are required to be regularly maintained to retain their attractiveness to tenants, and may also require unforeseen maintenance or repairs in respect of faults or problems that may develop to the structural or other parts of buildings or because of requirements imposed by new planning laws or regulations. The costs of maintaining a commercial property and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. The China Square Central Property was completed in 2002 and Central Park (Perth) was completed in 1992. The disruption caused by and the cost of such maintenance and repairs may adversely affect Allco REIT's results of operations and its ability to make distributions to Unitholders.

**Risks Relating to Allco REIT's Operations**

***Forecasted financial performance assumes utilisation of the Rights Issue proceeds to complete the Centrelink Acquisition***

While the Manager currently intends to utilise the proceeds from the Rights Issue to finance the Centrelink Acquisition and to refinance Allco REIT's existing portfolio following the acquisition of the Market Street Property, the Manager may, at its absolute discretion, use the proceeds for acquiring any other property or properties for Allco REIT, instead of the Centrelink Property. The Rights Issue is not subject to, or conditional upon, the completion of the Centrelink Acquisition. The forecasted financial performance of Allco REIT is based on, among others, the utilisation of part of the proceeds from the Rights Issue to finance the Centrelink Acquisition, and hence may vary should the proceeds from the Rights Issue be used to acquire other properties instead.

***Fluctuations in exchange rates may adversely affect our reported financial results and distributions to Unitholders***

Allco REIT's properties are located in Singapore and Australia. Accordingly, because of the geographic diversity of Allco REIT's portfolio of properties, Allco REIT receives income in the local currencies where its properties are located at the then applicable exchange rates. As a result, Allco REIT is exposed to fluctuations in the foreign currency exchange rates against the Singapore dollar. Such fluctuations may have a material adverse effect on Allco REIT's revenue and reported financial results and as distributions are made to Unitholders in Singapore dollars, fluctuations may have an adverse impact on the amount of distributions made to Unitholders.

***Allco REIT faces risks associated with debt financing***

Allco REIT's level of borrowings represents a higher level of gearing as compared to certain other types of unit trusts (such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments).

Allco REIT is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing, while at the same

time making distributions. Allco REIT will also be exposed to risks associated with interest rate fluctuations in Singapore and any foreign countries in which Allco REIT invests and has debt financing in place in respect of such investment.

***The amount Allco REIT may borrow is limited, which may affect the operations of Allco REIT***

Under the Property Funds Guidelines, Allco REIT's total borrowings and deferred payments should not exceed 35.0% of the value of its assets. The Property Funds Guidelines also provide that the aggregate leverage of a REIT may exceed 35.0% of the value of its assets (up to a maximum of 60.0%) if a credit rating of the property fund is obtained from Fitch Inc., Moody's or Standard and Poor's, and disclosed to the public. Such credit rating is to be maintained and disclosed so long as the aggregate leverage of the REIT exceeds 35.0% of the value of its assets. Upon listing of the Rights Units, Allco REIT is expected to have an indebtedness of S\$243.0 million, representing 23.1% of its gross asset value as at 31 December 2006. A decline in the value of Allco REIT's assets may affect Allco REIT's ability to make further borrowings unless Allco REIT has obtained and maintains such credit rating. Adverse business consequences of this limitation on borrowings may include:

- an inability to fund capital expenditure requirements in relation to Allco REIT's existing portfolio or in relation to the acquisition by Allco REIT of further Investments to expand its portfolio; and
- cash flow shortages (including with respect to distributions) which Allco REIT might otherwise be able to resolve by borrowing funds.

If Allco REIT is unable to make further borrowings when needed, this may result in cash flow problems which could affect its operations and delay or disrupt its investment strategies.

***The Manager is a wholly-owned subsidiary of Allco Finance Group. There may be potential conflicts of interest between Allco REIT, the Manager and Allco Finance Group***

Allco Finance Group may exercise influence over the activities of Allco REIT through the Manager. A majority of the members of the board of directors of the Manager comprises representatives from Allco Finance Group, with the balance comprising Independent Directors. Moreover, Allco Finance Group may in the future sponsor, manage or invest in other REITs or vehicles which may also compete directly with Allco REIT. There can be no assurance that conflicts of interest will not arise between Allco REIT and Allco Finance Group in the future, or that Allco REIT's interests will not be subordinated to those of Allco Finance Group whether in relation to future acquisitions of additional properties and acquisitions of property-related investments in Singapore and elsewhere in the Asia-Pacific region or in relation to other property-related investment matters.

***Allco REIT depends on certain key personnel, and the loss of any key personnel may adversely affect its operations***

Allco REIT's performance depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may in future cease employment with the Manager or they may compete with the Manager and Allco REIT. The loss of any of these individuals or of one or more of the Manager's other key employees, without suitable and timely replacements, could have a material adverse effect on Allco REIT's financial condition and results of operations.

***Allco REIT's ability to make distributions to Unitholders may be adversely affected by increases in operating expenses***

Allco REIT's ability to make distributions to Unitholders could be adversely affected if operating expenses increase without a corresponding increase in revenue.

Factors which could increase operating expenses include any:

- changes in tax rates, increase in property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- increase in insurance premiums; and
- increase in cost of utilities.

***The revenue earned from, and the value of, the Acquisitions and the Original Portfolio may be adversely affected by a number of factors***

The revenue earned from, and the value of, the Acquisitions and Original Portfolio may be adversely affected by a number of factors, including:

- a general downturn of the economy affecting occupancy and rental rates;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, office properties, changes in market rental rates and operating expenses for Allco REIT's properties);
- competition for occupants from other properties which may affect rental levels or occupancy levels at Allco REIT's properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;
- legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment, which may affect or restrict rights related to relevant properties in Allco REIT's portfolio; and
- acts of God, natural disasters, wars, military coups, terrorist attacks, riots, civil commotions and other events beyond the control of the Manager (such as the spread of severe acute respiratory syndrome (SARS) or other communicable diseases).

***Allco REIT may be adversely affected by the illiquidity of real estate investments***

Investments in real estate (whether direct or indirect) involve a higher level of risk as compared to a portfolio which has a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which Allco REIT has invested or intends to invest, are relatively illiquid. Such illiquidity may affect Allco REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. For instance, Allco REIT may be unable to liquidate its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, Allco REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of Real Estate Assets. These factors could have an adverse effect on Allco REIT's financial condition and results of operations, with a consequential adverse effect on Allco REIT's ability to make expected distributions to Unitholders.

***Allco REIT operates in an industry which is intensely competitive, which may have a material adverse effect on its business***

The office and retail properties market is competitive and may become increasingly so. Each of the properties in the Original Portfolio and the Enlarged Portfolio is located in an area that includes office and retail properties owned and/or operated by third parties. Allco REIT will compete locally and regionally with existing office and retail properties and office and retail properties that may be developed in the future. An increase in the number of competing office and retail properties in a particular area could have a material adverse effect on the occupancy rates and contribution to revenue generated by each of the properties in the Original Portfolio and the Enlarged Portfolio.

***Allco REIT may be unable to comply with the terms and conditions of tax exemptions and tax rulings obtained, or such tax exemptions or tax rulings may be revoked or amended***

Allco REIT has obtained various tax rulings and tax exemptions from the IRAS or the Singapore Ministry of Finance, including the tax transparency rulings and exemptions on foreign-sourced income received in Singapore in respect of its overseas properties.

These rulings and tax exemptions are subject to stipulated terms and conditions and based on the facts presented to the IRAS or the Singapore Ministry of Finance at the time of such application. There can be no assurance that Allco REIT will be able to comply with these terms and conditions on an on-going basis or ensure that the facts presented to the IRAS or the Singapore Ministry of Finance do not change over time. There can also be no assurance that the IRAS or the Singapore Ministry of Finance will not review, amend or revoke the tax rulings and the tax exemptions, either in whole or in part, arising from either a change in the tax laws or their interpretations or a change in policy.

## FINANCIAL INFORMATION

Extracts of the Consolidated Statement of Total Return, Reconciliation of Total Return for the Period and Total Unitholders' Distribution and Consolidated Cash Flow Statement for the period from 12 September 2005 to 31 December 2006, and the Consolidated Balance Sheet as at 31 December 2006, are based on the audited consolidated financial information of Allco REIT and its subsidiaries covering the financial period from 12 September 2005 (date of constitution) to 31 December 2006 as set out in the annual report of Allco REIT to Unitholders. The Distribution per Unit and Distributable Income per Unit for the period from 12 September 2005 to 31 December 2006 are based on the unaudited financial statements announcement for the period from 12 September 2005 to 31 December 2006.

Extracts of the Consolidated Statement of Total Return, Reconciliation of Total Return for the Period and Total Unitholders' Distribution, Consolidated Cash Flow Statement, Distribution per Unit and Distributable Income per Unit for the period from 1 January 2007 to 31 March 2007, and Consolidated Balance Sheet as at 31 March 2007, are based on the unaudited financial statements announcement of Allco REIT and its subsidiaries for the period from 1 January 2007 to 31 March 2007.

### Consolidated Statement of Total Return

	Group	
	Period from 12/9/2005 to 31/12/2006 (audited) (S\$'000)	Period from 1/1/2007 to 31/3/2007 (unaudited) (S\$'000)
Gross revenue . . . . .	34,891	12,251
Property operating expenses . . . . .	(6,134)	(2,022)
Net property income . . . . .	28,757	10,229
Interest income . . . . .	292	1,288
Other income . . . . .	223	536
Trust expenses . . . . .	(2,657)	(1,635)
Finance costs . . . . .	(7,499)	(4,040)
Net income . . . . .	19,116	6,378
Net change in fair value of investment properties . . . . .	116,109	—
Net change in fair value of other investment and derivative financial instruments . . . . .	2,852	(2,503)
Net gain/(loss) on investment properties, other investment and derivative financial instruments . . . . .	118,961	(2,503)
Total return for the period before income tax and distribution . . . . .	138,077	3,875
Income tax expense . . . . .	(32,016)	(374)
<b>Total return for the period after income tax, before distribution . . . . .</b>	<b>106,061</b>	<b>3,501</b>
Distribution . . . . .	(7,567)	(14,719)
<b>Total return for the period . . . . .</b>	<b>98,494</b>	<b>(11,218)</b>
<b>Earnings per Unit (cents)</b>		
Basic . . . . .	36.65	0.71
Diluted . . . . .	36.65	0.71

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

	Group	
	Period from 12/9/2005 to 31/12/2006 (audited) (S\$'000)	Period from 1/1/2007 to 31/3/2007 (unaudited) (S\$'000)
Total return for the period after income tax, before distribution . . . . .	106,061	3,501
Net effect of non-tax deductible/(non-taxable) items and other adjustments . . .	(83,374)	4,449
Total amount distributable to Unitholders . . . . .	<u>22,687</u>	<u>7,950</u>

**Distribution and Distributable Income per Unit**

	Group	
	Period from 12/9/2005 to 31/12/2006 <sup>(1)</sup> (audited) (cents)	Period from 1/1/2007 to 31/3/2007 (unaudited) (cents)
<b>Distribution per Unit<sup>(2)</sup></b>		
For the period . . . . .	4.58	—
<b>Distributable Income per Unit</b>		
For the period <sup>(3)</sup> . . . . .	4.58	1.60
Annualised . . . . .	6.04	6.49

**Notes:**

- (1) Allco REIT was established on 12 September 2005 but the acquisition of the properties was not completed until 30 March 2006. Hence the distribution and income recorded relate only to the 277 day period from 30 March 2006 to 31 December 2006. Allco REIT had no income from 12 September 2005 to 29 March 2006.
- (2) This represents interim distributions and final distributions declared in respect of the relevant period.
- (3) This represents total amount distributable to Unitholders for the relevant period, divided by the number of Units issued and issuable at the end of the relevant period.

## Consolidated Balance Sheet

	Group	
	31/12/2006	31/3/2007
	(S\$'000)	(S\$'000)
<b>Non-current assets</b>		
Investment properties . . . . .	823,698	828,247
Subsidiaries . . . . .	—	—
Other investment . . . . .	56,427	57,117
Other receivables . . . . .	10,000	10,000
	<u>890,125</u>	<u>895,364</u>
<b>Current assets</b>		
Trade and other receivables . . . . .	9,857	4,005
Derivative financial instruments . . . . .	5,859	2,667
Cash and cash equivalents . . . . .	8,164	6,130
	<u>23,880</u>	<u>12,802</u>
<b>Total assets</b> . . . . .	<u>914,005</u>	<u>908,166</u>
Less:		
<b>Non-current liabilities</b>		
Interest-bearing borrowings . . . . .	297,118	298,291
Deferred tax liability . . . . .	30,556	30,556
	<u>327,674</u>	<u>328,847</u>
<b>Current liabilities</b>		
Trade and other payables . . . . .	5,455	5,537
Current tax payable . . . . .	1,460	1,834
	<u>6,915</u>	<u>7,731</u>
<b>Total liabilities (excluding net assets attributable to Unitholders)</b> . . . . .	<u>334,589</u>	<u>336,218</u>
<b>Net assets attributable to Unitholders</b> . . . . .	<u>579,416</u>	<u>571,948</u>
Number of Units issued and issuable at end of period . . . . .	495,588,151	496,873,106
<b>Net asset value per Unit (S\$)</b> . . . . .	1.17	1.15

## Consolidated Cash Flow Statement

	Group	
	Period from 12/9/2005 to 31/12/2006	Period from 1/1/2007 to 31/3/2007
	(S\$'000)	(S\$'000)
<b>Operating activities</b>		
Total return before income tax, and before distribution . . . . .	138,077	3,875
Adjustment for:		
Property management fee paid/payable in Units . . . . .	980	342
Management fees paid/payable in Units . . . . .	—	1,309
Net change in fair value of investment properties . . . . .	(116,109)	—
Net change in fair value of derivative financial instruments and other investments . . . . .	(2,852)	2,503
Distribution income from other investment . . . . .	(2,226)	(837)
Interest income . . . . .	(292)	(1,288)
Finance costs . . . . .	7,499	4,040
Foreign exchange differences . . . . .	(464)	10
Operating profit before working capital changes . . . . .	24,613	9,954
Changes in working capital:		
Trade and other receivables . . . . .	(9,196)	6,685
Trade and other payables . . . . .	5,115	(1,230)
<b>Cash flows from operating activities</b> . . . . .	<b>20,532</b>	<b>15,409</b>
<b>Investing activities</b>		
Net cash outflow on acquisition of investment properties . . . . .	(702,054)	—
Acquisition of other investment . . . . .	(55,454)	—
Purchase of derivative financial instruments . . . . .	(3,980)	—
Interest received . . . . .	292	1,288
Distribution income received from other investment . . . . .	1,565	—
Subsequent capital expenditure on investment properties . . . . .	(4,552)	(753)
<b>Cash flows from investing activities</b> . . . . .	<b>(764,183)</b>	<b>535</b>
<b>Financing activities</b>		
Proceeds from borrowings . . . . .	304,000	—
Proceeds from issue of Units . . . . .	490,605	—
Issue costs . . . . .	(20,842)	—
Transaction costs on borrowings . . . . .	(9,462)	—
Distribution paid . . . . .	(7,567)	(15,115)
Interest paid . . . . .	(4,919)	(2,863)
<b>Cash flows from financing activities</b> . . . . .	<b>751,815</b>	<b>(17,978)</b>
<b>Net increase in cash and cash equivalents</b> . . . . .	<b>8,164</b>	<b>(2,034)</b>
Cash and cash equivalents at beginning of period . . . . .	—	8,164
<b>Cash and cash equivalents at end of period</b> . . . . .	<b>8,164</b>	<b>6,130</b>

## CONSOLIDATED PROFIT FORECAST AND CONSOLIDATED PROFIT PROJECTION

*Statements contained in this section, which are not historical facts, may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by Allco REIT, the Manager, the Sole Underwriter or any other person nor that these results will be achieved or are likely to be achieved.*

***None of Allco REIT or its subsidiaries, the Manager, the Sole Underwriter or any other person guarantee the performance of Allco REIT, the repayment of capital or the payment of any distributions, or any particular return on the Units. The forecast and projected yields for the Enlarged Portfolio stated in the tables on the following pages are calculated based on (i) the TERP and (ii) the assumption that the date of the Rights Issue is 1 July 2007. Such yields will vary accordingly if the date of the Rights Issue is after 1 July 2007 or in relation to investors who purchase Units at a market price that differs from the TERP or to investors who do not hold the Units for the Forecast Period 2007 and the Projection Year 2008.***

*The Consolidated Profit Forecast and Consolidated Profit Projection are based on the assumptions set out in this section. The assumptions have been reviewed and the computations have been checked by the Independent Accountants.*

***This section should be read together with the Independent Accountants' Report on the Consolidated Profit Forecast and Consolidated Profit Projection contained in Appendix 4 of this Circular as well as the assumptions and sensitivity analysis set out below.***

## Forecast and Projected Consolidated Statements of Total Return

	Forecast Period 2007		Projection Year 2008	
	Original Portfolio <sup>(1)</sup>	Enlarged Portfolio <sup>(2)</sup>	Original Portfolio <sup>(1)</sup>	Enlarged Portfolio <sup>(2)</sup>
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Revenue:				
China Square Central Property . . . . .	8,775	8,775	17,550	17,550
Central Park (Perth) . . . . .	12,630	12,630	26,030	26,030
Market Street Property . . . . .	—	3,093	—	6,741
Centrelink Property . . . . .	—	6,060	—	11,760
Other income . . . . .	1,426	1,426	2,750	2,750
Total revenue . . . . .	22,831	31,984	46,330	64,831
Total property expenses . . . . .	(3,247)	(5,309)	(6,467)	(10,098)
Net property income . . . . .	19,584	26,675	39,863	54,733
Interest income . . . . .	102	102	205	205
Management Fees . . . . .	(2,403)	(3,200)	(4,834)	(6,451)
Trust expenses . . . . .	(1,129)	(1,511)	(2,272)	(3,056)
Finance costs . . . . .	(4,929)	(5,053)	(9,274)	(10,880)
Net income . . . . .	11,225	17,013	23,688	34,551
Net change in fair value of investment properties . . . . .	—	(3,407) <sup>(3)</sup>	—	—
Total return for the period before income tax and distribution . . . . .	11,225	13,606	23,688	34,551
Income tax expense . . . . .	(565)	(603)	(1,265)	(1,416)
Total return for the period after income tax, before distribution . . . . .	10,660	13,003	22,423	33,135

### Notes:

- (1) Original Portfolio relates to a 100.0% direct interest in the China Square Central Property, 50.0% indirect interest in Central Park (Perth) and a 20.6% indirect interest in AWPF.
- (2) Enlarged Portfolio relates to the Original Portfolio, the 50.0% indirect interest in the Centrelink Property and 100.0% direct interest in the Market Street Property, and the issuance of 198,749,242 New Units under the Rights Issue at the Rights Issue Price. Out of the S\$199.5 million net proceeds from the Rights Issue, S\$138.3 million will be used to acquire the Centrelink Property and S\$61.0 million will be applied to repay existing debt so as to partially refinance Allco REIT's existing portfolio.
- (3) The total purchase price and acquisition costs of the Centrelink Property is S\$139.7 million. The carrying value of the Centrelink Property is assumed to be adjusted to the average appraised value of S\$136.3 million, which includes S\$2.3 million receivable as rental support.

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

	Forecast Period 2007		Projection Year 2008	
	Original Portfolio <sup>(1)</sup>	Enlarged Portfolio <sup>(2)</sup>	Original Portfolio <sup>(1)</sup>	Enlarged Portfolio <sup>(2)</sup>
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Total return for the period after income tax, before distribution . . . . .	10,660	13,003	22,423	33,135
Non-tax deductible/(non-taxable) items and other adjustments:				
Net change in fair value of investment properties . . . . .	—	3,407	—	—
Amortisation of leasing costs . . . . .	—	103	—	206
Amortisation of finance fees . . . . .	1,619	2,355	1,914	4,860
Effect of recognising accounting income on a straightline basis over the lease term	(382)	(4,113)	(1,118)	(3,703)
Management Fees paid/payable in Units . . . . .	2,403	3,200	4,834	6,451
Property management fees paid/payable in Units . . . . .	642	917	1,307	1,863
Other adjustments . . . . .	—	2,329	—	—
<b>Total amount distributable to Unitholders . . . . .</b>	<b>14,942</b>	<b>21,201</b>	<b>29,360</b>	<b>42,812</b>
Unit price (S\$) <sup>(3)</sup> . . . . .	1.2986	1.2250	1.2986	1.2250
Number of Units in issue ('000) <sup>(4)</sup> . . . . .	500,277	701,476	505,005	708,262
Total Distribution per Unit (Singapore cents) <sup>(5)</sup> . . . . .	2.99	3.02	5.81	6.04
Annualised distribution yield . . . . .	4.60%	4.93%	4.47%	4.93%
Yield accretion . . . . .		7.10%		10.24%

**Notes:**

- (1) Original Portfolio relates to a 100.0% direct interest in the China Square Central Property, 50.0% indirect interest in Central Park (Perth) and a 20.6% indirect interest in AWPF.
- (2) Enlarged Portfolio relates to the Original Portfolio, the 50.0% indirect interest in the Centrelink Property and 100.0% direct interest in the Market Street Property, and the issuance of 198,749,242 New Units under the Rights Issue at the Rights Issue Price of S\$1.04 per New Unit. Out of the S\$199.5 million net proceeds from the Rights Issue, S\$138.3 million will be used to acquire the Centrelink Property and S\$61.0 million will be applied to repay existing debt so as to partially refinance Allco REIT's existing portfolio.
- (3) In the case of the Original Portfolio, the Unit price is the Reference Price. In respect of the Enlarged Portfolio, the Unit price is the TERP. This is for illustrative purposes only.
- (4) The number of Units includes: (a) the assumed payment of the Property Manager's fees and the Management Fees for the relevant period in the form of Units issued to the Manager at the Unit price; and (b) in the Enlarged Portfolio, Units issued pursuant to the Rights Issue, and Units issued to the Manager as payment for the Acquisition Fee, assuming an issue price of S\$1.225 per Unit (based on the TERP of the Enlarged Portfolio).
- (5) Based on the assumption that the Units issued pursuant to the Rights Issue are issued on 1 July 2007.

## **Assumptions**

The Manager has prepared the consolidated statements of total return for the Forecast Period 2007 (being the period from 1 July 2007 to 31 December 2007) and the Projection Year 2008 (being the period from 1 January 2008 to 31 December 2008) based on the assumptions listed below. The Manager considers these assumptions to be appropriate and reasonable as at the Latest Practicable Date. However, investors should consider these assumptions as well as the consolidated statements of total return and make their own assessment of the future performance of Allco REIT.

## **Revenue**

Revenues of Allco REIT and its subsidiaries in respect of the Original Portfolio comprise revenue from the China Square Central Property, Central Park (Perth) and AWPf.

Revenues of Allco REIT and its subsidiaries in respect of the Enlarged Portfolio comprise revenue from the Original Portfolio, and from the Market Street Property and the Centrelink Property.

### *The China Square Central Property*

The annual revenue in respect of the China Square Central Property is assumed to be S\$17.55 million from Unicorn as specified under the Master Lease. Under the Master Lease, Unicorn receives gross rental income from the underlying tenants of the China Square Central Property, and bears all property expenses in relation to the property (except for Property Manager's fees). As a result, factors such as renewal rates, vacancy allowances, occupancy rates and changes in gross revenue have not been taken into consideration.

### *Central Park (Perth)*

Allco REIT, as indirect owner of a 50.0% interest in Central Park (Perth), proportionately accounts for 50.0% of all revenue and expense items of Central Park (Perth). Revenue recorded from Central Park (Perth) represents gross revenue and other revenue.

### Gross Revenue

Gross revenue consists of base rental income and service charges payable by tenants. Base rental income consists of rents payable by tenants (including tenant car park income) after rent rebates, refunds, credits or rent free periods, but excludes turnover rent. The service charges are contributions paid by tenants toward covering the operating expenses of the property.

*Gross revenue in respect of Central Park (Perth) has been recognised on a straight line basis. Where an existing lease agreement includes fixed review rates and periods, the total gross revenue to be earned by Allco REIT over the life of the lease, including these future reviews, is averaged for the purposes of each period's reporting revenue.*

The Manager has used the following process to forecast and project the base rental income for the relevant periods:

- The Manager has calculated the amount of rent payable by tenants under the leases. The leases comprise leases with fixed rents or fixed annual rental increases and leases with market review clauses on an annual or bi-annual basis. In respect of leases with market review clauses, the Manager has ascertained the market rent as at 31 December 2006 and then forecast the market rent payable at the time of the review based on the Manager's assumptions as to rental growth during the Forecast Period 2007 (being 15.0% per annum, calculated monthly) and the Projection Year 2008 (being 2.0% per annum, calculated monthly). The Manager's assumptions for rental growth take into account the factors discussed below.
- During the Forecast Period 2007, there are no leases up for renewal. During the Projection Year 2008, there are three leases up for renewal and it is assumed that each of these leases will be

renewed. Factors taken into account in projecting expected new base rents include the estimated effect of supply and demand of similar properties, strength of competing properties as compared to the property, assumed tenant retention rates on lease expiry, likely market conditions and inflation levels.

Where a Central Park (Perth) Lease expires during the Projection Year 2008, the Manager has assumed that the service charge payable under the new lease or lease renewal will be the same as the amount payable under the existing leases.

#### Other Revenue

Other revenue includes public car park revenue, turnover rent, income from providing naming rights, and income support.

Public car park revenue is forecast and projected on the basis of an assessment of historical public car parking revenue, while turnover rent and naming rights are assumed to be insignificant.

Included in the Forecast Period 2007 and the Projection Year 2008 is income support of S\$1.8 million and S\$2.1 million, respectively. As part of the acquisition of Central Park (Perth), Allco REIT, through its subsidiaries, is entitled to receive income support from the vendor to contribute to any shortfall in the market based income arising as a result of under rented tenancies existing at the time of the acquisition, vacancy, and tenancy leasing up costs, including rent free incentives either committed to or arising during the period of the income support. The forecast and projected income support is in line with the agreement entered into at the time of the acquisition. This income support will only be utilised as necessary to contribute to any shortfall in the market based income.

#### Other Income

Other income comprises the Group's distribution income from its investment in AWPf. These distributions are net of Australian tax. The Manager was not provided with a forecast by the management of AWPf. Therefore, the Manager has forecast and projected the distribution income from AWPf for the Forecast Period 2007 and the Projection Year 2008 to be the same (on an annualised basis) as the actual historical distributions received by Allco REIT from AWPf in the period ended 31 December 2006.

#### Market Street Property

Revenue recorded by Allco REIT from the Market Street Property represents gross revenue.

#### Gross Revenue

Gross revenue consists of base rental income and service charge payable by tenants. Base rental income consists of rents payable by tenants after rent rebates, refunds, credits or rent free periods, but excludes turnover rent. The service charge is a contribution paid by tenants toward covering the operating expenses of the property.

The Manager expects that the Market Street Property will be fully let for the Forecast Period 2007 and the Projection Year 2008. The Manager has assumed that no leases expire or terminate during the Forecast Period 2007 and the Projection Year 2008 as all leases have lease terms that expire after 31 December 2008.

Factors taken into account in projecting base rental income and service charge include current leases and the estimated effect of supply and demand of similar properties, strength of competing properties as compared to the property, likely market conditions and inflation levels.

#### *Centrelink Property*

Subject to the certification of completion of construction of the Centrelink Property, which is expected to be issued by 30 June 2007, the Centrelink Property will be leased to a single tenant, the Commonwealth of Australia as represented by the Centrelink National Support Office, a statutory agency of the Australian federal government for a period of 18 years with 3.0% annual rental escalation. Allco REIT, as indirect owner of a 50.0% interest in the Centrelink Property, proportionately accounts for 50.0% of all revenue and expense items of the Centrelink Property. Revenue recorded by Allco REIT from the Centrelink Property represents gross revenue.

#### Gross Revenue

Gross revenue consists of base rental income and service charge payable by tenants. Base rental income consists of rents payable by tenants (including tenant car park income) after rent rebates, refunds, credits or rent free periods. The service charge is a contribution paid by tenants toward covering the operating maintenance expenses of the property.

*Gross revenue in respect of the Centrelink Property has been recognised on a straight line basis taking the total gross revenue to be earned by Allco REIT over the life of the lease, averaged for the purposes of each period's reporting revenue.*

The Manager has assumed that the Centrelink Lease will begin on 4 July 2007. In accordance with the lease, the tenant is entitled to a three month rent-free period and is therefore assumed to begin paying rent from 4 October 2007.

#### **Property Operating Expenses**

Property operating expenses consist of repairs and maintenance expenses, the property management fees, property tax and other operating expenses. In relation to the China Square Central Property, property operating expenses, except for property management fees, are borne by Unicorn under the Master Lease, and are therefore not recognised by Allco REIT. As AWPF is accounted for as an investment, Allco REIT does not recognise any property expenses in relation to AWPF.

#### *Repairs and Maintenance Expenses*

Repairs and maintenance expenses consist of typical expenses in respect of the repair, maintenance and upkeep of the properties and have been forecast by the Manager's based on its past experience and knowledge of the market

#### *Property Management Fees*

The Property Manager is entitled to a property management services fee, in cash or in the form of Units or a combination of both, equal to 3.0% per annum of the revenue from the Real Estate Assets. The property management fees are payable quarterly in arrears. The Manager has assumed that these fees will be paid in the form of Units in the Forecast Period 2007 and the Projection Year 2008 and that such Units will be issued at the TERP. The Property Manager is not entitled to a property management fee in relation to Real Estate Related Assets, including AWPF.

#### *Property Tax*

Property tax has been estimated by the Manager based on historical tax rates.

### *Other Property Expenses*

Other property expenses include advertising and promotional expenses, expenses for leasing and upkeep of properties, including commissions payable to third party agents, landlord's fitting out costs, security, insurance, property related legal advice, administration overheads as well as other miscellaneous expenses relating to the Real Estate Assets. These expenses have been forecast by the Manager's based on its past experience and knowledge of the market.

### **Management Fees**

Pursuant to the Trust Deed, the Manager is entitled to Management Fees comprising a base fee and a performance fee as follows (the details of which are set out in the Trust Deed):

- a base fee of not more than 0.5% per annum of the value of the Real Estate Assets (which value is determined in accordance with the Trust Deed); and
- a performance fee, at the rate of 3.5% of the performance fee amount, being the revenue from real estate less property expenses for Allco REIT less the abovementioned base fee for each financial year.

The Manager has agreed to be paid these fees in the form of Units in the Forecast Period 2007 and has assumed that its fees are paid in the form of Units in the Projection Year 2008. The Manager has assumed that such Units are issued at the TERP.

The Management Fees are payable quarterly in arrears.

### **Trust Expenses**

Trust expenses comprise Allco REIT's recurring operating expenses such as the Trustee's fees, annual listing fees, registration fees, accounting, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs, and other miscellaneous expenses. Trust expenses, except for Trustee's fees, have been estimated to be S\$1.0 million and S\$2.0 million for the Forecast Period 2007 and Projection Year 2008 respectively in respect of the Original Portfolio, and S\$1.4 million and S\$2.8 million for the Forecast Period 2007 and Projection Year 2008 respectively, in respect of the Enlarged Portfolio. The Trustee's fees have been calculated as specified in the Trust Deed.

### **Finance Costs**

As at 31 December 2006, Allco REIT had in place loan note facilities for an aggregate principal amount of S\$304.0 million. These facilities were drawn down and issued to finance the acquisition of the properties and investment constituting the Original Portfolio and the Market Street Property.

The Manager has assumed that S\$61.0 million of loan notes will be refinanced from the proceeds of the Rights Issue. The balance of the facilities outstanding of S\$243.0 million after the refinancing is due to mature during FY2008 and the Manager has assumed that these facilities will be refinanced on similar terms. Allco REIT has entered into derivative instruments to fix the interest that is payable under the outstanding balance and upon refinancing of the facilities. Accordingly, inclusive of the cost of derivative instruments, the Manager has assumed an effective interest rate of approximately 4.1% for the Forecast Period 2007 and 4.5% for the Projection Year 2008, on the outstanding and refinanced borrowings.

In addition to the loan note facilities referred to above, Allco REIT has in place a revolving credit facility of S\$12.0 million with Commonwealth Bank of Australia for general working capital purposes. Amounts drawn under this facility bear interest at the three-month Singapore offer rate plus a margin of 0.2% per annum. In addition, there is a one-off establishment fee of S\$40,000 and a line fee in respect of the facility amount. The Manager has assumed that S\$6.5 million will be drawn down during the Forecast

Period 2007, with a further S\$4.5 million being drawn down in the Projection Year 2008. The Manager has not assumed the use of any derivative instruments to fix interest payable under this facility, and has assumed that the three-month Singapore offer rate remains unchanged at 3.1% over the Forecast Period 2007 and Projection Year 2008.

Where derivative financial instruments are entered into to fix the interest rate for borrowings and where applicable, to hedge the foreign exchange exposure of foreign currency income receipts, it is assumed that there is no change in the fair value of such derivative financial instruments during the Forecast Period 2007 and Projection Year 2008.

### ***Tax Expense***

Australian withholding tax is factored into the Consolidated Profit Forecast and the Consolidated Profit Projection in respect of income derived from Central Park (Perth), the Centrelink Property and AWPf. Singapore corporate tax of 18.0% is factored into the Consolidated Profit Forecast and Consolidated Profit Projection in respect of income derived which falls outside of the tax ruling granted to Allco REIT at its initial public offering in relation to tax transparency. It has been assumed that the rates of Australian withholding tax and Singapore corporate tax do not change over the Forecast Period 2007 and the Projection Year 2008.

### ***Distribution Reinvestment Arrangement***

The Trust Deed gives the Manager the option of activating an arrangement whereby Unitholders may elect to re-invest all or part of their distribution entitlement in return for an issue of additional Units in Allco REIT. It has been assumed that the Manager will not activate the distribution reinvestment arrangement before 31 December 2008. This assumption does not, however, preclude the Manager from implementing such a distribution reinvestment arrangement before 31 December 2008.

### ***Unit Issue Expenses***

Allco REIT will pay the costs associated with the Rights Issue. These costs are charged against net assets attributable to Unitholders on the balance sheet and have no impact on distributable income.

### ***Investment Cost and Capital Expenditure***

The Real Estate Assets are revalued at least annually. Any subsequent revaluation of the values of the Real Estate Assets will not affect the forecast and projected distributions per Unit for the Forecast Period 2007 and the Projection Year 2008 because Allco REIT's distributions are based on taxable income and tax-exempt income, which excludes the net change in fair value of the Real Estate Assets.

The Manager has assumed that the values of the Real Estate Assets will, until 31 December 2008, remain at S\$422.0 million and S\$310.7 million for the China Square Central Property and Central Park (Perth), respectively, plus any capital expenditure in respect of these properties during the Forecast Period 2007 and Projection Year 2008.

In respect of the China Square Central Property, the Manager has assumed capital expenditure of S\$10.0 million in respect of the repositioning of the property.

It is assumed that the value of Allco REIT's investment in AWPf will until 31 December 2008, remain at S\$56.4 million.

The purchase price of the Centrelink Property is S\$136.3 million plus estimated acquisition costs of S\$3.4 million. The carrying value of the Centrelink Property is assumed to be immediately re-valued to the assumed valuation of S\$136.3 million, which includes S\$2.3 million receivable as rental support.

In relation to the Centrelink Property and the Market Street Property, it is assumed that the values will, until 31 December 2008, remain at S\$136.3 million (which includes S\$2.3 million receivable as rental support) and S\$91.0 million, respectively.

### **Capital Raising**

The forecast and projection has been prepared based on an illustrative issue size of S\$206.7 million. It is assumed that 198,749,242 New Units will be issued under the Rights Issue at an issue price of S\$1.04 per New Unit. The Manager has assumed S\$138.3 million will be used to acquire the Centrelink Property and S\$61.0 million will be used to repay existing debt.

### **Accounting Standards**

The Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast or projected financial results.

The accounting policies of the Group are assumed to be materially unchanged from those adopted in relation to the Group's financial information as at 31 December 2006.

### **Other Assumptions**

The Manager has made the following additional assumptions in preparing the consolidated profit forecast for the Forecast Period 2007 and the consolidated profit projection for the Projection Year 2008:

- the Rights Issue and cash payment for the acquisition of the 50.0% indirect interest in the Centrelink Property will be completed on 1 July 2007;
- the property portfolio remains unchanged throughout the periods;
- no further capital will be raised during the periods;
- there will be no change in taxation legislation or other applicable legislation. In particular, there will be no change in Australia Capital Territory stamp duty legislation (no stamp duty is presently payable on the subscription for units in ADLT);
- there will be no change to the tax rulings Allco REIT received at the initial public offering and for the Rights Issue;
- all leases and licences are enforceable and will be performed in accordance with their terms;
- 100.0% of the taxable income and tax-exempt income will be distributed;
- the exchange rate for the forecast cash flows from Central Park (Perth) and AWPf for the Forecast Period 2007 is assumed to be S\$1.00 = A\$0.81. The exchange rate for the forecast cash flows from the Centrelink Property for the Forecast Period 2007 is assumed to be S\$1.00 = A\$0.8151. Allco REIT has entered into foreign exchange derivative instruments to fix the exchange rates in respect of the forecast cash flows from these investments for the Forecast Period 2007;
- the exchange rate for the projected cash flows from Central Park (Perth), AWPf and the Centrelink Property for the Projection Year 2008 is assumed to be S\$1.00 = A\$0.8401, being the average rate at which Allco REIT has entered into foreign exchange derivative instruments to fix the exchange rates in respect of the projected cash flows from these investments for the Projection Year 2008; and
- there is no change in fair values of any derivative instruments entered into.

## Sensitivity Analysis

The forecast and projected distributions included in this document are based on a number of assumptions that have been outlined above.

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast or projected in this document may be expected. To assist investors in assessing the impact of these assumptions on the consolidated profit forecast and consolidated profit projection, a series of tables demonstrating the sensitivity of the distribution per Unit to changes in the principal assumptions are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

### Revenue

Changes in revenue will impact the net property income of Allco REIT and, consequently, the distribution yield. The effect of variations in the revenue on the distribution yield is set out below:

	Distribution Yield (%)			
	Forecast Period 2007 <sup>(1)</sup>		Projection Year 2008	
	Original Portfolio	Enlarged Portfolio	Original Portfolio	Enlarged Portfolio
2.5% below base case . . . . .	4.46%	4.80%	4.36%	4.81%
Base case . . . . .	4.60%	4.93%	4.47%	4.93%
2.5% above base case . . . . .	4.73%	5.06%	4.59%	5.06%

**Note:**

(1) On an annualised basis.

### Finance costs

Changes in finance costs affect the total return of Allco REIT and consequently, the distribution yield. The effect of variations in finance costs on the distribution yield is set out below:

	Distribution Yield (%)			
	Forecast Period 2007 <sup>(1)</sup>		Projection Year 2008	
	Original Portfolio	Enlarged Portfolio	Original Portfolio	Enlarged Portfolio
50 basis points increase in the applicable interest rate . . . . .	4.42%	4.78%	4.29%	4.79%
Base case . . . . .	4.60%	4.93%	4.47%	4.93%
50 basis points decrease in the applicable interest rate . . . . .	4.79%	5.08%	4.67%	5.08%

**Note:**

(1) On an annualised basis.

## INDEPENDENT ACCOUNTANTS' REPORT ON THE CONSOLIDATED PROFIT FORECAST AND CONSOLIDATED PROFIT PROJECTION

26 June 2007

The Board of Directors  
Allco (Singapore) Limited  
(in its capacity as manager of Allco Commercial Real Estate Investment Trust)  
55 Market Street  
Level 16  
Singapore 048941

British and Malayan Trustees Ltd  
(in its capacity as trustee of Allco Commercial Real Estate Investment Trust)  
1 Coleman Street, #08-01  
The Adelphi  
Singapore 179803

Dear Sirs

### **Letter from the Reporting Accountants on the Consolidated Profit Forecast for the Period from 1 July 2007 to 31 December 2007 and the Consolidated Profit Projection for the Year ending 31 December 2008**

This letter has been prepared for inclusion in the Circular to be issued in connection with the issue of new units in Allco Commercial Real Estate Investment Trust ("**Allco REIT**") for the purpose of raising funds under the Rights Issue.

The directors of Allco (Singapore) Ltd. ("**Directors**") are responsible for the preparation and presentation of the forecast consolidated statements of total return of Allco REIT and its subsidiaries (collectively, the "**Group**") for the period from 1 July 2007 to 31 December 2007 ("**Consolidated Profit Forecast**") and for the year ending 31 December 2008 ("**Consolidated Profit Projection**") as set out on pages 79 and 80 of the Circular, which have been prepared on the basis of the assumptions set out on pages 81 to 86 of the Circular ("**Assumptions**").

We have examined the Consolidated Profit Forecast of the Group for the period from 1 July 2007 to 31 December 2007 and the Consolidated Profit Projection for the year ending 31 December 2008 as set out on pages 79 and 80 of the Circular in accordance with Singapore Standard on Assurance Engagements ("**SSAE**") 3400: *The Examination of Prospective Financial Information*. The Directors are solely responsible for the Consolidated Profit Forecast and Consolidated Profit Projection including the Assumptions set out on pages 81 to 86 of the Circular on which it is based.

### **Consolidated Profit Forecast**

Based on our examination of the evidence supporting the Assumptions, nothing has come to our attention which causes us to believe that these Assumptions do not provide a reasonable basis for the Consolidated Profit Forecast. Further, in our opinion, the Consolidated Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the Assumptions, is consistent with the accounting policies normally adopted by the Group and are presented in accordance with the relevant presentation principles of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* (but not all the required disclosures for the purposes of this letter) issued by the Institute of Certified Public Accountants of Singapore ("**ICPAS**"), which is the framework adopted by the Group in the preparation of its financial statements.

### **Consolidated Profit Projection**

The Consolidated Profit Projection is intended to show a possible outcome based on the Assumptions. Because the length of the period covered by the Consolidated Profit Projection extends beyond the period covered by the Consolidated Profit Forecast, the Assumptions used in the Consolidated Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Consolidated Profit Projection does not therefore constitute a profit forecast.

Based on our examination of the evidence supporting the Assumptions, nothing has come to our attention, which causes us to believe that these Assumptions do not provide a reasonable basis for the Consolidated Profit Projection. Further, in our opinion, the Consolidated Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the Assumptions, is consistent with the accounting policies normally adopted by the Group and is presented in accordance with the relevant presentation principles of *Recommended Accounting Practice 7 Reporting Framework for Unit Trusts* (but not all the required disclosures for the purposes of this letter) issued by the ICPAS, which is the framework adopted by the Group in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Consolidated Profit Forecast and Consolidated Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Consolidated Profit Forecast and Consolidated Profit Projection.

Attention is drawn, in particular, to the risk factors set out on pages 66 to 73 of the Circular which describe the principal risks associated with the Rights Issue, to which the Consolidated Profit Forecast and Consolidated Profit Projection relate and the sensitivity analysis of the Directors' Consolidated Profit Forecast and Consolidated Profit Projection as set out on page 87 of the Circular.

Yours faithfully

KPMG  
Certified Public Accountants  
(Partner-in-charge: Leong Kok Keong)

Singapore

## SIGNIFICANT ACCOUNTING POLICIES

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 *Basis of preparation*

The Financial Information has been prepared in accordance with the relevant presentation principles of the Statement of Recommended Accounting Practice 7 (“**RAP 7**”) “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Code on Collective Investment Schemes (“**CIS Code**”) issued by the Monetary Authority of Singapore (“**MAS**”) and the provisions of the Trust Deed.

The Financial Information is prepared on the historical cost basis, except for the following assets and liabilities which are stated at fair value: investment properties, other investment and certain financial instruments.

The preparation of Financial Information in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies set out below have been applied consistently by the Group. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

#### 1.2 *Functional currency*

Items included in the Financial Information of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (“**functional currency**”). The consolidated Financial Information of the Group are presented in Singapore dollars, which is the functional currency of Allco REIT.

#### 1.3 *Consolidation*

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The Financial Information of subsidiaries are included in the consolidated Financial Information from the date that control commences until the date that control ceases.

##### *Transactions eliminated on consolidation*

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Information.

##### *Accounting for subsidiaries by Allco REIT*

Investments in subsidiaries are stated in Allco REIT’s balance sheet at cost, less accumulated impairment losses.

## **1.4 Foreign currencies**

### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of total return.

### *Net investment in a foreign operation*

Exchange differences arising from monetary items that in substance form part of Allco REIT's net investment in a foreign operation are recognised in Allco REIT's statement of total return. Such exchange differences are reclassified to net assets attributable to unitholders in the consolidated Financial Information. When the net investment is disposed of, the cumulative amount in net assets attributable to unitholders is transferred to the statement of total return as an adjustment to total return arising on disposal.

### *Foreign operations*

Assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. Income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in net assets attributable to unitholders. When a foreign operation is disposed of, in part or in full, the relevant amount is transferred to the statement of total return.

## **1.5 Investment properties**

Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition which includes expenditure that is directly attributable to the acquisition of the investment properties, and at valuation thereafter. Valuation is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Acquisition of investment properties are accounted for by the Group as acquisition of assets.

Any increase or decrease on revaluation is credited or charged directly to the Statement of Total Return as a net change in fair value of the investment properties.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continuing maintenance and are regularly revalued on the basis set out above.

## **1.6 Other investment**

Other investment comprises an investment in a property fund which is designated at fair value through statement of total return. This investment is initially recognised at cost where the initial cost of the investment represents the fair value of interests in the investment at the date of acquisition plus costs directly attributable to the acquisition.

The investment is subsequently measured at fair value based on the market bid price quoted by the manager of the property fund on the balance sheet date. Any gain or loss from the change in fair value, is recognised directly in the statement of total return.

## **1.7 Financial instruments**

### *Non-derivative financial instruments*

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through total return, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits.

### *Derivative financial instruments*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value on the date on which the derivatives are entered into. Subsequent to initial recognition, the derivative financial instruments are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised in the statement of total return.

### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the borrowings on an effective interest basis.

### *Impairment of financial assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of total return.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of total return.

### *Net assets attributable to unitholders*

The net assets attributable to unitholders represent the unitholders' residual interest in the Group's net assets upon termination and is classified as a non-current liability.

Expenses incurred in the issuance and placement of units in the Group are deducted directly against net assets attributable to unitholders.

## **1.8 Impairment — non-financial assets**

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of total return unless it reverses a previous revaluation, credited to net assets attributable to unitholders, in which case it is charged to net assets attributable to unitholders. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **1.9 Revenue recognition**

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straightline basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised on a straight-line basis over the term of the lease.

(ii) Interest income

Interest income is recognised on an accrual basis.

(iii) Dividend and distribution income

Dividend and distribution income is recognised on the date when the right to receive payment is established.

### **1.10 Expenses**

(i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees.

(ii) Allco REIT expenses

Allco REIT expenses are recognised on an accrual basis. Included in Allco REIT expenses is Trustee's fee which is based on the applicable formula stipulated in Note 1(a)<sup>(1)</sup>.

(iii) Management fees

Management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(b)<sup>(1)</sup> of the 2006 Audited Consolidated Financial Statements.

(iv) Property management fees

Property Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1(c)<sup>(1)</sup> of the 2006 Audited Consolidated Financial Statements.

(v) Finance costs

Interest expenses are recognised in the period in which they are incurred, on an accrual basis. Expenses incurred in connection with the arrangement of debt facilities are recognised in the statement of total return on an effective interest basis over the period for which the debt facilities are granted.

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(1) The full text is set out in the 2006 Audited Consolidated Financial Statements which may be inspected at the registered office of the Manager.

## 1.11 **Income tax expense**

Income tax expense on the returns for the period comprises current and deferred tax. Income tax is recognised in the statement of total return except to the extent that it relates to items directly related to net assets attributable to unitholders, in which case it is recognised in net assets attributable to unitholders.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The temporary differences on initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Allco REIT has obtained three Tax Rulings in relation to its Singapore and Australian investments as follows:

- (1) Tax Ruling 1 was obtained from the Inland Revenue Authority of Singapore (“**IRAS**”) and is dated 13 October 2005. It confirms the Singapore tax consequences of Allco REIT and the unitholders in relation to the income arising from Allco REIT’s Singapore properties.
- (2) Tax Ruling 2 was obtained from the Ministry of Finance (“**MOF**”) and is dated 2 February 2006. It confirms the Singapore tax consequences for Allco Investment No.1 Pte Ltd (“**Allco 1**”) and Allco Investment No.2 Pte Ltd (“**Allco 2**”) in relation to the income arising from Allco REIT’s Australian investments.
- (3) Tax Ruling 3 was obtained from the IRAS and is dated 23 February 2007, and updated on 3 April 2007. It confirms the Singapore tax consequences of certain foreign income receivable from the Centrelink Property in Australia.

Subject to full compliance with the terms and conditions of the three Tax Rulings, the taxation of Allco REIT and that of the unitholders are described below:

### Tax Ruling 1

Tax Ruling 1 grants tax transparency treatment on Allco REIT’s Taxable Income from the Singapore properties that is distributed to the unitholders. Subject to meeting the terms and conditions of Tax Ruling 1, the Trustee will not be assessed to tax on the taxable income from the Singapore properties of Allco REIT. Instead, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate, currently at 20.0%<sup>(1)</sup>, from the distributions made to unitholders that are made out of the taxable income from the Singapore properties of Allco REIT, except:

- (i) where the beneficial owners are individuals or Qualifying unitholders, the Trustee and the Manager will make the distributions to such unitholders without deducting any income tax; and
- (ii) where the beneficial owners are foreign non-individual investors or where the units are held by nominee unitholders who can demonstrate that the units are held for beneficial owners

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<sup>(1)</sup> In the recent 2007 Budget announcement, the corporate tax rate in Singapore is reduced to 18% with effect from the year of assessment 2008 (that is, the financial year ending 2007).

who are foreign non-individual investors, the Trustee and the Manager will deduct/withhold tax at the reduced rate of 10% from the distribution made during the period from 30 March 2006 to 17 February 2010.

Qualifying unitholder is a unitholder who is:

- (a) a Singapore-incorporated company which is tax resident in Singapore;
- (b) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); and
- (c) a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from Allco REIT.

Foreign non-individual unitholder is one who is not a resident of Singapore for income tax purposes and;

- (a) who does not have a permanent establishment in Singapore; or
- (b) who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the units are not obtained from that operation in Singapore.

Under Tax Ruling 1, Allco REIT will distribute at least 90.0% of its taxable income, comprising substantially income from the letting of real estate properties in Singapore and incidental property related service income but does not include gains from the disposal of real estate properties, sale of Allco Sub No.1 Pte Ltd (“**Allco Sub 1**”) or sale of Allco Sub No.2 Pte Ltd (“**Allco Sub 2**”) and, management fees recharges and interest charges to Allco 1 and Allco 2. For the remaining amount of taxable income from the Singapore properties of Allco REIT not distributed, tax will be assessed on, and collected from, the Trustee on such remaining amount (referred to as retained taxable income).

In the event where a distribution is subsequently made out of such retained taxable income, the Trustee and the Manager will not have to make a further deduction of income tax from the distribution.

The above tax transparency ruling does not apply to gains from the sale of real estate properties in Singapore, a sale of Allco Sub 1 or a sale of Allco Sub 2, if considered to be trading gains derived from a trade or business carried on by Allco REIT, including management fees recharges and interest charges to Allco 1 and Allco 2 derived by Allco REIT. Tax on such gains or profits will be assessed, in accordance to Section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from, the Trustee. Consequently, if such after-tax gains or profits are distributed, the Trustee and the Manager will not have to make a further deduction of income tax from the distribution. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

#### Tax Ruling 2

Under Tax Ruling 2 obtained from the MOF, the distributions received from Central Park Landholding Trust (“**CPLT**”) and Allco Wholesale Property Fund (“**AWPF**”) that are paid out of income derived from the underlying Australian properties (including capital gains from the disposal of the Australian properties) that are subject to Australian tax are exempt from Singapore income tax when received by Allco 1 and Allco 2, respectively. Allco 1 and Allco 2 may, in turn, distribute the Australian income which is exempt from Singapore income tax, after adjusting for expenses, as one-tier dividends to Allco Sub 1 and Allco Sub 2, respectively.

The one-tier dividends receivable by Allco Sub 1 and Allco Sub 2 from Allco 1 and Allco 2, respectively are also exempt from Singapore income tax. Again, Allco Sub 1 and Allco Sub 2 may, in turn, on-distribute such one-tier dividends to Allco REIT.

The one-tier dividends receivable by Allco REIT from Allco Sub 1 and Allco Sub 2 are also exempt from Singapore income tax (“**tax-exempt income**”). As these one-tier dividends are exempt from Singapore income tax, Allco REIT may distribute such income, after deduction of its tax-deductible expenses, to unitholders without tax deduction at source.

#### Tax Ruling 3

Tax Ruling 3 grants income tax exemption in Singapore on certain foreign income receivable from the Centrelink Property in Australia. The income tax exemption is granted under section 13 (12) of the Singapore Income Tax Act, Chapter 134. The foreign income to which income tax exemption is granted under Tax Ruling 3 includes foreign dividends and foreign sourced interest income. As the income is exempt from Singapore income tax, Allco REIT may distribute such income, after deduction of its tax-deductible expenses, to Unitholders without tax deduction at source.

#### Distribution policy

Allco REIT has a distribution policy where it is required to distribute at least 90.0% of its taxable income other than gains from the sale of real estate properties that are determined by IRAS to be trading gains, and tax-exempt income. However, Allco REIT will distribute 100.0% of its taxable income and tax-exempt income for the period from 31 March 2006 to 31 December 2006 and for the financial year ending 31 December 2007. Thereafter, Allco REIT will distribute at least 90.0% of its taxable income and tax-exempt income, with the actual level of distribution to be determined at the Manager’s discretion.

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

## INDEPENDENT TAXATION REPORT

26 June 2007

The Board of Directors  
Allco (Singapore) Limited  
as the Manager of Allco Commercial  
Real Estate Investment Trust (the "Manager")  
55 Market Street #16-00  
Singapore 048941

British and Malayan Trustees Limited  
as the Trustee of Allco Commercial  
Real Estate Investment Trust (the "Trustee")  
1 Coleman Street #08-01  
The Adelphi  
Singapore 179803

Dear Sirs

### SINGAPORE TAXATION REPORT

This letter has been prepared at the request of the Manager for inclusion in the circular (the "**Circular**") to be issued in relation to the rights issue ("**Rights Issue**") and the listing and quotation of new units ("**New Units**") in Allco Commercial Real Estate Investment Trust ("**Allco REIT**") on Singapore Exchange Securities Trading Limited.

The purpose of this letter is to provide investors in the units of Allco REIT ("**Unitholders**") with a general understanding of the Singapore taxation consequences on:

- Allco REIT's investment in the Centrelink Property in Canberra, Australia and the distributions to Unitholders thereof;
- Allco REIT's investment in the Market Street Property in Singapore and the distributions to Unitholders thereof; and
- The Singapore taxation on the Unitholders on the Rights Issue and the acquisition of New Units in Allco REIT.

This letter is not meant to be a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Unitholders and prospective purchasers of the Units should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, Unitholders and prospective purchasers who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective country of tax residence and the existence of any tax treaty which their country of tax residence may have with Singapore.

This letter is based on Singapore income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Circular have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

## GENERAL PRINCIPLES OF TAXATION OF A TRUST

The income of a trust derived from or accrued in Singapore is chargeable to Singapore income tax. In addition, income earned outside Singapore and received or deemed received in Singapore is also chargeable to Singapore income tax unless otherwise exempted. There is no capital gains tax in Singapore. However, gains from the sale of investments (including real properties) are chargeable to tax if such gains are derived from a trade or business of dealing in investments (including real properties).

Singapore income tax is imposed on all income chargeable to tax after deduction of the allowable expenses incurred and the tax depreciation claimed on assets used in the generation of the income.

## TAX RULING

Notwithstanding the general principles of taxation of a trust above, Allco REIT has obtained a Tax Ruling dated 23 February 2007, and updated on 3 April 2007, from the Inland Revenue Authority of Singapore (“IRAS”) granting income tax exemption in Singapore on certain foreign income receivable from the Centrelink Property in Australia. The income tax exemption is granted under section 13(12) of the Singapore Income Tax Act, Chapter 134. The foreign income to which income tax exemption is granted under the Tax Ruling include foreign dividends and foreign sourced interest income.

## SINGAPORE TAXATION OF ALLCO REIT — THE CENTRELINK PROPERTY

Allco REIT will receive rental income and other related income earned, including capital receipts, from the Centrelink Property in a combination of the following forms:

- (i) foreign-sourced dividend income;
- (ii) foreign-sourced interest income<sup>(1)</sup>; and/or
- (iii) proceeds from the repayment of shareholder’s loans<sup>(1)</sup> and/or a return of capital.

Based on the Tax Ruling, the foreign-sourced dividend income and interest income received in Singapore by Allco REIT in respect of the Centrelink Property will be exempt from Singapore income tax (“**Tax-Exempt Income**”).

If Allco REIT has any other income from the Centrelink Property not covered by the Tax Ruling, such income will be subject to Singapore income tax at the prevailing tax rate, currently at 20.0%, after adjusting for allowable expenses (“**Taxable Income**”). In the recent 2007 Budget announcement, the corporate tax rate in Singapore is reduced to 18.0% with effect from the year of assessment 2008 (i.e. financial year ending 2007).

Allco REIT may also receive proceeds from the repayment of the abovementioned shareholder’s loans and/or a return of capital in relation to the Centrelink Property. Such proceeds are capital returns and hence are not liable to Singapore income tax.

## SINGAPORE TAXATION OF THE UNITHOLDERS — THE CENTRELINK PROPERTY

Allco REIT may distribute income to its Unitholders out of the above Tax-Exempt Income and Taxable Income. Only Tax-Exempt Income received within each distribution period is distributable to the Unitholders for that distribution period.

Any distribution of income to the Unitholders out of the Tax-Exempt Income would similarly be exempt from Singapore income tax in the hands of the Unitholders.

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(1) To the extent that Allco REIT capitalises Allco Investments No.3 Pty Limited (the entity wholly-owned by Allco REIT that has been specifically incorporated to hold Allco REIT’s interest in ARC Trust) by way of shareholder’s loans.

Any distribution of income to the Unitholders out of Taxable Income would be exempt from Singapore income tax in the hands of the Unitholders. The Unitholders would not be able to claim a credit or refund from any tax paid by Allco REIT on such Taxable Income.

Capital Distributions refer to distributions made by Allco REIT out of proceeds received from the repayment of the abovementioned shareholder's loans and/or a return of capital. Such distributions would be made out of Unitholders' contributions. Unitholders will not be subject to Singapore income tax on such distributions. These distributions will be treated as a return of capital for Singapore income tax purposes, subject to the following conditions:

- (i) the following statements are included in the annual dividend statement that CDP issues to depositors:
  - This amount of distribution is treated as a return of capital for Singapore income tax purposes. Therefore, such return of capital cannot be onward distributed as income by Unitholders. These Unitholders (and each subsequent level of unitholders) cannot also onward distribute such return of capital as income.
  - For Unitholders (and each subsequent level of unitholders) who hold the Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of the Units, the amount of Capital Distributions will be applied to reduce the cost of the Units for the purpose of calculating the amount of taxable trading gains when the Units are disposed of. If the amount of Capital Distributions exceeds the cost of the Units, the excess will be subject to tax as trading income of such unitholders.
- (ii) Allco REIT will maintain a memorandum account showing the movements in Unitholders' Funds to track the amount of capital distributed, and to submit such account prior to making any distribution of capital.

#### **TERMS AND CONDITIONS OF THE TAX RULING**

The Tax Ruling granted by the IRAS is conditional upon the Trustee and the Manager complying with certain terms and conditions. These include the condition that the Trustee is a tax resident of Singapore for the year of assessment relating to the basis period during which the foreign-sourced dividend income and/or interest income is received in Singapore. Further, there are also the conditions that the income from the Centrelink Property is subject to Australian tax, the headline tax rate in Australia is at least 15% and that Allco REIT is able to track the source of the foreign-sourced dividend or interest income. If these terms and conditions are not complied with, the Tax Ruling may be revoked or reviewed by the IRAS.

#### **SINGAPORE TAXATION OF ALLCO REIT — THE MARKET STREET PROPERTY**

During its initial public offering in 2006, Allco REIT has obtained a previous tax transparency ruling from IRAS for its Singapore properties. As such, Allco REIT will not be taxed on its taxable income from the Market Street Property to the extent of the amount distributed to Unitholders in the year in which the income is earned. Instead, tax will be imposed on the distributions made out of such taxable income ("**Taxable Income Distributions**") to Unitholders, by way of tax deduction at source or direct assessment of tax on the Unitholders.

Individuals and Qualifying Unitholders will receive such Taxable Income Distributions without deduction of tax. Tax will be deducted at source at the prevailing corporate tax rate or at the reduced rate of 10.0% from such distributions made to all other Unitholders.

A "Qualifying Unitholder" refers to a:

- (i) Singapore incorporated company which is tax-resident in Singapore;
- (ii) body of persons, other than a company or partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and trade and industry association); and

- (iii) Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from Allco REIT.

The reduced rate of 10.0% applies to Taxable Income Distributions made by Allco REIT to foreign non-individual Unitholders during the period from 18 February 2005 to 17 February 2010.

A foreign non-individual Unitholder is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

- (i) who does not have a permanent establishment in Singapore; or
- (ii) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

### **SINGAPORE TAXATION OF THE UNITHOLDERS — THE MARKET STREET PROPERTY**

Individuals, irrespective of their nationality and tax residence status, are exempt from tax on the gross amount of the Taxable Income Distributions received from Allco REIT. This tax exemption does not apply to individuals who derive such distributions through a partnership in Singapore or from the carrying on of a trade, business or profession. These individuals are liable to tax on the gross amount of Taxable Income Distributions received at their own applicable income tax rates.

Qualifying Unitholders and other non-individual Unitholders are liable to tax on the gross amount of Taxable Income Distributions received at their own applicable income tax rates. Any tax deducted at source (other than tax deducted at the reduced rate of 10.0%) is not a final tax and may be used as a set-off against the Singapore income tax liability of a Unitholder.

### **RIGHTS ISSUE AND ISSUANCE OF NEW UNITS**

The Rights Issue and Issuance of New Units to be subscribed for by the Unitholders should not give rise to any Singapore income tax implications to Allco REIT and the Unitholders.

### **GAINS ON DISPOSAL OF UNITS**

Unitholders who disposes of the units in Allco REIT may realise a gain or loss on such disposal. In general, the gains on disposal of units may be treated as capital gains, and therefore not subject to Singapore tax as there is no capital gains tax in Singapore, or they may be treated as income in nature, in which case, they are subject to Singapore income tax in the hands of the Unitholders.

Whether or not a Unitholder is subject to Singapore income tax on the disposal gains depends on whether or not the Unitholder is in the trade or business of dealing in investments. This will be determined based on the Unitholder's circumstances. Unitholders who are not in the trade or business of dealing in investments may also be chargeable to tax on the gains realised from the disposal of units if such gains are treated as trading gains having regard to the circumstances of the transaction. Unitholders are encouraged to seek advice from their tax advisers to determine the tax implications regarding the acquisition, ownership and disposition of their investments in Units.

Yours faithfully

Leonard Ong  
Executive Director, Tax  
For and on behalf of  
KPMG Tax Services Pte Ltd

## PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION FOR RIGHTS UNITS UNDER THE RIGHTS ISSUE BY ELIGIBLE UNITHOLDERS

Eligible Unitholders are entitled to receive this Circular and the ARE which forms part of this Circular. The Circular (including the ARE) will not be despatched to Ineligible Unitholders.

The provisional allotments of Rights Units are governed by the terms and conditions of the Circular and the enclosed ARE. The number of Rights Units provisionally allotted to each Eligible Unitholder is indicated in the ARE (fractions of a Unit (if any) having been disregarded). The Securities Accounts of Eligible Unitholders have been credited by CDP with the provisional allotments of Rights Units as indicated in the ARE. Eligible Unitholders may accept their provisional allotments of Rights Units in whole or in part. Full instructions for the acceptance of and payment for the provisional allotments of Rights Units are set out in the Circular as well as the ARE.

If an Eligible Unitholder wishes to accept his provisional allotment of Rights Units specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Units in addition to the Rights Units he has been provisionally allotted, he may do so by completing the relevant portions of the ARE. An Eligible Unitholder should ensure that the ARE is accurately and correctly completed, failing which the acceptance of the provisional allotments of Rights Units may be rejected.

CPF members under the CPF Investment Scheme — Ordinary Account may use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts for the payment of the Rights Issue Price to subscribe for the Rights Units and (if applicable) for the payment of the Underwriting Price to apply for Excess Rights Units. CPF members who wish to accept their provisional allotments of Rights Units and (if applicable) apply for Excess Rights Units using CPF funds will need to instruct their respective approved banks, where such CPF members hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Units on their behalf in accordance with this Offer Information Statement. CPF funds may not, however, be used for the purchase of the provisional allotment of Rights Units directly from the market.

An Eligible Unitholder may accept his provisional allotment of Rights Units specified in his ARE and (if applicable) apply for Excess Rights Units through CDP, or he may accept his provisional allotment of Rights Units specified in his ARE by way of Electronic Application through an ATM of a Participating Bank as described below. **NOTE: APPLICATION FOR EXCESS RIGHTS UNITS CAN ONLY BE MADE THROUGH CDP AND NOT BY WAY OF AN ELECTRONIC APPLICATION. ELECTRONIC APPLICATION IS ONLY AVAILABLE FOR ACCEPTANCE OF THE RIGHTS UNITS PROVISIONALLY ALLOTTED TO YOU AS INDICATED IN THE ARE.**

Unless expressly provided to the contrary in this Circular, the ARE or ARS, with respect to enforcement against Eligible Unitholders or their renounees, a person who is not a party to any contracts made pursuant to this Circular, the ARE or ARS, has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

With regard to any application which does not conform strictly to the instructions set out under the Circular, the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue, or which does not comply with the instructions for Electronic Applications, or with the terms and conditions of the Circular, or in the case of an application by way of the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, Allco REIT may, at its absolute discretion, reject or treat as invalid any such application or present for payment or otherwise process all remittances at any time after receipt in such manner as it may deem fit.

Allco REIT and CDP shall be entitled to process each application submitted for the acceptance of Rights Units, and where applicable, application for Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Eligible Unitholder, on its own, without regard to any other application and payment that may be submitted by the same Eligible Unitholder. For avoidance of doubt, insufficient payment for an application may render the application invalid. Evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Units.

**(a) Acceptance/Application through CDP**

To accept the provisional allotment of Rights Units and (if applicable) apply for Excess Rights Units through CDP, the duly completed ARE, must be accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Units accepted and (if applicable) Excess Rights Units applied for and submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **4.45 p.m. on 12 July 2007**. The payment must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to **"CDP — ALLCO REIT RIGHTS ISSUE ACCOUNT"** for the Rights Units and/or Excess Rights Units and crossed **"NOT NEGOTIABLE, A/C PAYEE ONLY"** with the name and Securities Account number of the Eligible Unitholder clearly written on the reverse side of the Cashier's Order or Banker's Draft. **NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

**(b) Acceptance by way of Electronic Application through an ATM of a Participating Bank**

**ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK IS ONLY APPLICABLE FOR ACCEPTANCE OF THE PROVISIONAL ALLOTMENT OF RIGHTS UNITS BY AN ELIGIBLE UNITHOLDER. IF SUCH ELIGIBLE UNITHOLDERS INTEND TO APPLY FOR ANY EXCESS RIGHTS UNITS, THEY MUST DO SO THROUGH CDP AND NOT BY WAY OF AN ELECTRONIC APPLICATION.**

Instructions for Electronic Applications through ATMs to accept the provisional allotment of Rights Units will appear on the ATM screens of the respective Participating Banks. Please refer to the section below for the additional terms and conditions for Electronic Application through an ATM of a Participating Bank.

An Eligible Unitholder may choose to accept his provisional allotment of Rights Units specified in the ARE in full or in part. If an Eligible Unitholder wishes to accept part of his provisional allotment of Rights Units and trade the balance of his provisional allotment of Rights Units on the SGX-ST, he should:

- (a) complete the ARE for the number of provisional allotment of Rights Units, which he wishes to accept at the Rights Issue Price and submit the ARE together with payment in the prescribed manner as described above to CDP; or
- (b) accept and subscribe for that part of his provisional allotment of Rights Units by way of an Electronic Application at the Rights Issue Price in the prescribed manner described above.

The balance of his provisional allotment of Rights Units may be sold as soon as dealings therein commence on the SGX-ST.

Eligible Unitholders who wish to trade all or part of their provisional allotment of Rights Units on the SGX-ST during the provisional allotment trading period should note that the provisional allotment of Rights Units will be tradable in board lots, each board lot comprising provisional allotments of 1,000 Rights Units, as the case may be, or any other board lot size which the SGX-ST may require. Eligible Unitholders can trade in lot sizes other than that mentioned above on the SGX-ST's Unit Share Market. Such Eligible Unitholders may start trading their provisional allotment of Rights Units as soon as dealings therein commence on the SGX-ST.

The ARE need not be forwarded to the Purchasers of the provisional allotment of Rights Units as arrangements will be made by CDP for a separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, on behalf of the Manager, send the ARS, accompanied by the Circular, by ordinary post and at the Purchasers' own risk, to their respective Singapore addresses as recorded with CDP. Purchasers should ensure that their ARS are accurately and correctly completed, failing which the acceptance of the provisional allotment of Rights Units may be rejected. Purchasers who do not receive the ARS, accompanied by the Circular may obtain the same from CDP, the Unit Registrar or any stockbroking firm for the period up to **4.45 p.m. on 12 July 2007**.

Purchasers should inform their finance companies/Depository Agents if their purchases of such provisional allotments of Rights Units are settled through these intermediaries. In such instances, if the Purchasers wish to accept the Rights Units represented by the provisional allotments purchased, they will need to go through these intermediaries, who will then subscribe for the Rights Units on their behalf.

As an illustration, if an Eligible Unitholder has 1,000 Units standing to the credit of his Securities Account as at the Books Closure Date, the Eligible Unitholder will be provisionally allotted 400 Rights Units as set out in his ARE. The Eligible Unitholder's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

<b>Alternatives</b>	<b>Procedures to be taken</b>
(a) Accept his entire provisional allotment of Rights Units	<ul style="list-style-type: none"> <li>(i) Accept his entire provisional allotment of 400 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9.30 p.m. on 12 July 2007</b>; or</li> <li>(ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 400 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance at the Rights Issue Price for S\$416.00 by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore and made payable to "<b>CDP — ALLCO REIT RIGHTS ISSUE ACCOUNT</b>" for the Rights Units and crossed "<b>NOT NEGOTIABLE, A/C PAYEE ONLY</b>" for the full amount due on acceptance, by hand to <b>THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807</b> or by post, at his own risk, in the self-addressed envelope provided to <b>ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147</b> so as to arrive not later than <b>4.45 p.m. on 12 July 2007</b> and with the name and Securities Account number of the Eligible Unitholder written on the reverse side of the Cashier's Order or Banker's Draft. <b>NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT WILL BE ACCEPTED.</b></li> </ul>

## Alternatives

(b) Accept his entire provisional allotment of Rights Units and for example apply for 200 Excess Rights Units

(c) Accept a portion of his provisional allotment of Rights Units, for example his entitlement to 200 provisionally allotted Rights Units, and reject the balance

## Procedures to be taken

(i) Accept his entire provisional allotment of 400 Rights Units at the Rights Issue Price by way of an Electronic Application as described herein not later than **9.30 p.m. on 12 July 2007**; and complete the ARE in accordance with the instructions contained therein for the application for 200 Excess Rights Units at the Underwriting Price and forward the ARE together with a single remittance for S\$228.00, in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive no later than **4.45 p.m. on 12 July 2007**; or

(ii) Complete the ARE in accordance with the instructions contained therein for the full provisional allotment of 400 Rights Units at the Rights Issue Price and apply for 200 Excess Rights Units at the Underwriting Price and forward the ARE together with a single remittance for S\$644.00 by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore and made payable to "**CDP — ALLCO REIT RIGHTS ISSUE ACCOUNT**" for the Rights Units and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance, by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post, at his own risk, in the self-addressed envelope provided to **ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147** so as to arrive not later than **4.45 p.m. on 12 July 2007** and with the name and Securities Account number of the Eligible Unitholder written on the reverse side of the Cashier's Order or Banker's Draft. **NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER MODE OF PAYMENT WILL BE ACCEPTED.**

(i) Accept the provisional allotment of 200 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 12 July 2007**; or

(ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 200 Rights Units at the Rights Issue Price and forward the ARE together with a single remittance for S\$208.00 in the prescribed manner described in alternative (a)(ii) above to CDP so as to arrive not later than **4.45 p.m. on 12 July 2007**.

The balance of the provisional allotment of 200 Rights Units which is not accepted by the Eligible Unitholder will automatically lapse and cease to be available for acceptance by that Eligible Unitholder if an acceptance is not made through an ATM of a Participating Bank by **9.30 p.m. on 12 July 2007** or if an acceptance is not made through CDP by **4.45 p.m. on 12 July 2007**. He will receive the Agreed Premium for each lapsed Rights Units.

**Alternatives**

(d) Accept a portion of his provisional allotment of Rights Units, for example his entitlement to 200 provisionally allotted Rights Units, and trade the balance on the SGX-ST

**Procedures to be taken**

- (i) Accept the provisional allotment of 200 Rights Units at the Rights Issue Price by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9.30 p.m. on 12 July 2007**; or
- (ii) Complete the ARE in accordance with the instructions contained therein for the provisional allotment of 200 Rights Units at the Rights Issue Price, and forward the ARE together with a single remittance for S\$208.00 in the prescribed manner described in alternative (a)(ii) above to CDP, so as to arrive not later than **4.45 p.m. on 12 July 2007**.

The balance of the provisional allotments of 200 Rights Units may be traded on the SGX-ST during the provisional allotment trading period. **Eligible Unitholders should note that the provisional allotment of Rights Units will be tradable in the ready market, with each board lot comprising provisional allotments of 1,000 Rights Units, or any other board lot which the SGX-ST may require, during the provisional allotment trading period. Eligible Unitholders can trade in lot sizes other than that mentioned above on the SGX-ST's Unit Share Market.**

**THE LAST TIME AND DATE FOR ACCEPTANCES AND (IF APPLICABLE) EXCESS APPLICATIONS AND PAYMENT FOR THE RIGHTS UNITS UNDER THE RIGHTS ISSUE IS:**

- (A) 9.30 P.M. ON 12 JULY 2007 IF ACCEPTANCE AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR**
- (B) 4.45 P.M. ON 12 JULY 2007 IF ACCEPTANCE AND (IF APPLICABLE) EXCESS APPLICATION AND PAYMENT FOR THE RIGHTS UNITS IS MADE THROUGH CDP.**

If acceptance and payment for the Rights Units in the prescribed manner as set out in the ARE and ARS (as the case may be) and this Circular is not received through an ATM of a Participating Bank **by 9.30 p.m. on 12 July 2007** or through CDP by **4.45 p.m. on 12 July 2007** from any Eligible Unitholder or Purchaser, the provisional allotment of Rights Units that have been offered shall be deemed to have been declined and shall forthwith lapse and become void, and such provisional allotments not so accepted will be used to satisfy excess applications, if any, or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit, in the interests of Allco REIT. All monies received in connection therewith will be returned by CDP on behalf of Allco REIT to the Eligible Unitholders or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by means of a crossed cheque by ordinary post or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is by way of Electronic Application through the ATMs of the Participating Banks) and at the Eligible Unitholders' or the Purchasers' own risk.

If any Eligible Unitholder or Purchaser is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

The Excess Rights Units are available for application subject to the terms and conditions contained in the ARE, the Circular and the Trust Deed. Applications for Excess Rights Units will, at the Directors' absolute discretion, be satisfied from such Rights Units as are not validly taken up by Eligible Unitholders, the original allottee(s) or their respective renounees or the Purchaser(s) of the provisional allotments (including the aggregated fractional entitlements), the "nil-paid" provisional allotments of Rights Units (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason, in accordance with the terms and conditions contained in the ARE and the Circular. In the event that applications are received by Allco REIT for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of Allco REIT. Allco REIT reserves the right to refuse any application for Excess Rights Units in whole or in part without assigning any reason whatsoever therefor. CDP takes no responsibility for any decision that the Directors may make.

If no Excess Rights Units are allotted or if the number of Excess Rights Units allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Eligible Unitholders without interest or any share of revenue or other benefit arising therefrom within 14 days after the Closing Date, by means of a crossed cheque drawn on a bank in Singapore and sent to them by ORDINARY POST and at their own risk or in such other manner as they may have agreed with CDP for the payment of any cash distributions (if they accept through CDP).

It should be particularly noted that unless:

- (i) acceptance of the provisional allotment of Rights Units is made by the Eligible Unitholders or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Units is effected by **9.30 p.m. on 12 July 2007**; or
- (ii) acceptance and payment in Singapore currency by Cashier's Order or Banker's Draft drawn on a bank in Singapore and made out in favour of "**CDP — ALLCO REIT RIGHTS ISSUE ACCOUNT**" for the Rights Units and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and with the names and Securities Account numbers of the Eligible Unitholders or the Purchasers (as the case may be) clearly written on the reverse side of the Cashier's Order or Banker's Draft is submitted by hand to **THE CENTRAL DEPOSITORY (PTE) LIMITED, at 4 SHENTON WAY, #02-01, SGX CENTRE 2, SINGAPORE 068807** or by post in the self-addressed envelope provided, at the sender's own risk, to **ALLCO COMMERCIAL REAL ESTATE INVESTMENT TRUST C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE P.O. BOX 1597, SINGAPORE 903147** by **4.45 p.m. on 12 July 2007**,

the provisional allotment of Rights Units will be deemed to have been declined and shall forthwith lapse and cease to be available for acceptance. All monies received in connection therewith will be returned to the Eligible Unitholders or the Purchasers (as the case may be) without interest or share of revenue or other benefit arising therefrom by means of a crossed cheque BY ORDINARY POST or in such other manner as they may have agreed with CDP for the payment of any cash distributions (where acceptance is through CDP) or by crediting their accounts with the relevant Participating Banks (where acceptance is by way of Electronic Application), and at the Eligible Unitholders' or the Purchasers' (as the case may be) own risk within 14 days after the Closing Date.

**ACCEPTANCES ACCOMPANIED BY ANY OTHER FORM OF PAYMENT (INCLUDING THE USE OF A POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

## **ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK**

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Please read carefully the terms and conditions of this Circular, the procedures and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept Rights Units at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

Any reference to the “Applicant” in the terms and conditions for Electronic Applications and the procedures shall mean the Eligible Unitholder or the purchaser of the provisional allotment who accepts the Rights Units through an ATM of the Participating Banks. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip, confirming the details of his Electronic Application. The ATM Transaction slip is for retention by the Applicant.

An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM Card issued to him in his own name. Using his own Securities Account number with an ATM Card which is not issued to him in his own name will render his acceptance liable to be rejected.

**AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK IS ONLY APPLICABLE FOR ACCEPTANCE OF PROVISIONAL ALLOTMENT OF RIGHTS UNITS BY THE ELIGIBLE UNITHOLDERS. APPLICATIONS FOR EXCESS RIGHTS UNITS BY SUCH ELIGIBLE UNITHOLDERS ARE TO BE MADE THROUGH CDP (VIA THE ARE) AND NOT BY WAY OF AN ELECTRONIC APPLICATION.**

The Electronic Application shall be made on, and subject to, the terms and conditions of the Circular including, but not limited to, the terms and conditions appearing below:

- (1) In connection with his Electronic Application for the provisional allotment of Rights Units, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:
  - (a) **that he has received a copy of the Circular and has read, understood and agreed to all the terms and conditions of acceptance for the provisional allotment of Rights Units under the Rights Issue and the Circular prior to effecting the Electronic Application and agrees to be bound by the same; and**
  - (b) **that he consents to the disclosure of his Relevant Particulars from his account with that Participating Bank to the Relevant Parties.**

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
- (3) The Applicant irrevocably agrees and undertakes to subscribe for and accept the lesser of the number of provisional allotment of Rights Units as stated on the ATM Transaction slip or the number of Rights Units standing to the credit of his Securities Account as at the Closing Date.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Units accepted shall signify and shall be treated as his acceptance of the number of Rights Units that may be allotted to him.
- (5) In the event that the Applicant accepts the provisional allotment of Rights Units both by way of the ARE and/or ARS (as the case may be) and by Electronic Application through an ATM, CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Units which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of provisionally allotted Rights Units which are standing to the credit of his Securities Account as at the Closing Date and the aggregate number of Rights Units which have been accepted by the Applicant by way of the ARE and/or ARS (as the case may be) and by Electronic Application through an ATM, and CDP, in determining the number of provisional allotment of Rights Units which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of the provisional allotment of Rights Units, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE and/or ARS or by way of the acceptance by way of Electronic Application through an ATM of a Participating Bank.
- (6) The Applicant irrevocably requests and authorises the Manager to:
  - (a) register, or to procure the registration of the Rights Units allotted to the Applicant in the name of CDP for deposit into his Securities Account; and
  - (b) return (without interest or any share of revenue or other benefit arising therefrom) the acceptance monies, should his Electronic Application in respect of the Rights Units accepted not be accepted by the Manager for any reason, by automatically crediting the Applicant's bank account with his Participating Bank with the relevant amount within 14 days after the Closing Date.
- (7) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING THE PROVISIONAL ALLOTMENT OF RIGHTS UNITS AS NOMINEE OF ANY OTHER PERSON.**
- (8) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, and/or the Manager) and any events whatsoever beyond the control of CDP, the Participating Banks, and the Manager and if, in any such event, CDP and/or the Participating Banks and/or the Manager do not record or receive the Applicant's Electronic Application by 9.30 p.m. on the Closing Date, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Manager for any purported acceptance thereof, or for any compensation, loss or damage in connection therewith or in relation thereto.

- (9) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between **7.00 a.m. to 9.30 p.m.**
- (10) Electronic Applications shall close at **9.30 p.m. on 12 July 2007** or such other time as the Directors may, in their absolute discretion, deem fit in the interests of Allco REIT.
- (11) All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.
- (12) The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (13) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within 14 days after the Closing Date. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance monies will be refunded on the same terms.
- (14) In consideration of the Manager arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9.30 p.m. on 12 July 2007** or such later time or date as the Directors may, in their absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable;
  - (b) his Electronic Application, the acceptance by the Manager and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts;
  - (c) none of the Manager nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Manager or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 8 above or to any cause beyond their respective control;
  - (d) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of the provisional allotment of Rights Units;
  - (e) in respect of the provisional allotment of Rights Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager; and
  - (f) unless expressly provided to the contrary in this Circular or the Electronic Application, a person who is not party to any contracts made pursuant to this Circular or the Electronic Application has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained in this Circular or the Electronic Application, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

- (15) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondences will be sent to his address last registered with CDP.
- (16) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Manager will reject any application by any person acting as nominee.
- (17) In the event that the Applicant accepts the provisional allotment of Rights Units, by way of the ARE, the ARS, or by way of Electronic Application through ATMs of Participating Banks, the provisional allotment of Rights Units will be allotted in such manner as Allco REIT or CDP may, in their absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within 14 days after the Closing Date by any one or a combination of the following:
- (a) by means of a crossed cheque sent BY ORDINARY POST at his own risk or in such other manner as he may have agreed with CDP for the payment of any cash distributions if he accepts and (if applicable) applies through CDP; and
  - (b) crediting the Applicant's bank account with the Participating Bank at his own risk if he accepts through an ATM.
- (18) The Applicant hereby acknowledges that, in determining the total number of provisional allotment of Rights Units which he can validly accept, Allco REIT and CDP are entitled and the Applicant hereby authorises Allco REIT and CDP to take into consideration:
- (a) the total number of provisional allotment of Rights Units which the Applicant has validly accepted, whether under the ARE or any other form of application (including Electronic Application through an ATM) for the Rights Units;
  - (b) the total number of provisional allotment of Rights Units standing to the credit of the Eligible Unitholder's Securities Account which is available for acceptance; and
  - (c) the total number of provisional allotment of Rights Units which has been disposed of by the Eligible Unitholder.
- The Applicant hereby acknowledges that CDP's and the Company's determination shall be conclusive and binding on him.
- (19) The Applicant irrevocably requests and authorises CDP to accept instructions from the Participating Bank through whom the Electronic Application is made in respect of the provisional allotment of Rights Units accepted by the Applicant.
- (20) With regard to any application which does not conform strictly to the instructions set out under this Circular, the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue or which does not comply with the instructions for Electronic Application or with the terms and conditions of this Circular, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, Allco REIT may, at its absolute discretion, reject or treat as invalid any such application or present for payment or other processes all remittances at any time after receipt in such manner as it deem fit.

- (21) Allco REIT and CDP shall be entitled to process each application submitted for the acceptance of Rights Units, and where applicable, application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Eligible Unitholder, on its own, without regard to any other application and payment that may be submitted by the same Eligible Unitholder. For avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application and (if applicable) application for Excess Rights Units.

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