

Media Release

For immediate release
25 May 2007

ALLCO REIT ANNOUNCES A PROPOSED YIELD ACCRETIVE PROPERTY ACQUISITION AND A RIGHTS ISSUE

KEY HIGHLIGHTS

- **PROPOSED YIELD ACCRETIVE ACQUISITION OF A 50.0% INTEREST IN THE CENTRELINK PROPERTY LOCATED IN CANBERRA, AUSTRALIA FOR S\$136.5 MILLION**
- **PROPOSED RENOUNCEABLE UNDERWRITTEN RIGHTS ISSUE TO RAISE UP TO S\$210.0 MILLION TO ACQUIRE THE CENTRELINK PROPERTY AND TO REPAY DEBT**

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Singapore, 25 May 2007 – Allco (Singapore) Limited (the “Manager” or “Allco Singapore”), the manager of Allco Commercial Real Estate Investment Trust (“Allco REIT”) (SGX:ALLC) wishes to announce that it has today obtained clearance from the Singapore Exchange Securities Trading Limited (“SGX-ST”) to dispatch a Unitholders’ Circular (the “Circular”) to the Unitholders of Allco REIT. The Circular seeks Unitholders’ approval in relation to:

- 1) The proposed acquisition by Allco REIT of a 50.0% indirect interest in a new office complex located in Canberra, Australia and which will be leased to the Centrelink National Support Office (“Centrelink”), a statutory agency of the Australian federal government (the “Centrelink Property”);
- 2) The signing of certain documents relating to the acquisition of the Centrelink Property;
- 3) The proposed renounceable underwritten rights issue of new units (the “Rights Issue”); and
- 4) The proposed general mandate for the issue of new units

Reg.No. 200503404G

An Extraordinary General Meeting (“EGM”) of the Unitholders of Allco REIT will be held at The Straits Room, Level 4, The Fullerton Hotel, 1 Fullerton Square, Singapore 049178 on Monday, 11 June 2007 at 9.30 a.m.

1) The proposed acquisition of the Centrelink Property

The Circular seeks Unitholders' approval for the proposed acquisition of a 50.0% indirect interest in the Centrelink Property, which constitutes an interested person transaction. Allco REIT will acquire its interest in the Centrelink Property for A\$108.75 million (S\$136.5 million). Record Realty, a property trust listed on the Australian Stock Exchange (ASX:RRT), will hold the remaining 50.0% indirect interest in the Centrelink Property. Record Realty is managed by Record Funds Management Limited, a wholly-owned subsidiary of Allco Finance Group Limited, the Sponsor of Allco REIT.

The Centrelink Property is a new contemporary designed, five storey "Grade A" office complex with a net lettable area of approximately 430,556 sq ft. The Centrelink Property is strategically located within the core of the Tuggeranong Town Centre, one of four town centres within the city of Canberra, Australia's capital city and the location of the Federal Parliament House. According to valuers CB Richard Ellis, the Canberra office market has continued to perform strongly with positive net absorption and vacancy rates remaining stable at already low levels.

The Centrelink Property will be fully leased to Centrelink for an initial term of 18 years. The rental structure incorporates a rental escalation of 3.0% per annum for each year of the lease. The committed long term lease structure provides Allco REIT with steady property income growth, generating stable and growing distributions to Unitholders.

Mr Nicholas McGrath, Chief Executive Officer and Managing Director of the Manager said, "I am delighted to announce that Allco REIT has secured the opportunity to acquire a 50% interest in this high quality property, leased to an Australian federal government authority. This asset provides yield accretion, greater geographical diversity for Allco REIT and is underpinned by a long term lease which offers certainty of annual income growth."

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

Gross Floor Area	Approximately 53,500 sq m (575,869 sq ft)
NLA	Approximately 40,000 sq m (430,556 sq ft)
Lessee	Commonwealth of Australia as represented by the Centrelink National Support Office. The lease for an initial term of 18 years will commence upon certification of completion of construction of the Centrelink Property, which is expected to occur in June 2007.
Car Park Bays	1,093
Title	Crown Lease from the Commonwealth of Australia with a 99 year term that commenced on 26 June 2002
Valuation for 100.0%	A\$217.5 million ¹ (S\$273.1 million ²) upon certification of completion of construction of the property
Purchase Price	A\$108.75 million (S\$136.5 million ²)
Committed Occupancy ...	100.0%

¹ The average of the appraised values of A\$218.0 million and A\$217.0 million set out in the valuation reports by CB Richard Ellis Pty Limited and Colliers International Consultancy and Valuation Pty Limited dated 4 May 2007 respectively.

² Based on an exchange rate of S\$1.00 = A\$0.7964, being the rate at which Allco REIT has entered into a foreign exchange derivative instrument to purchase the Centrelink Property.

2) The proposed entry into certain documents relating to the acquisition of the Centrelink Property

The Circular also seeks Unitholders' approval to the signing of certain documents in connection with the acquisition of the Centrelink Property, each of which constitutes interested person transactions.

3) The proposed renounceable underwritten rights issue of new units

The Circular also seeks Unitholders' approval for Allco REIT to undertake a Rights Issue to raise gross proceeds of up to S\$210.0 million. The gross proceeds will be used to finance the acquisition of the Centrelink Property and to repay existing debt in relation to the portfolio after the acquisition of the 55 Market Street Property.

Mr McGrath said, "The proposed Rights Issue, to be underwritten by Credit Suisse, is fully renounceable. The Rights Issue has been structured to reward all of our Unitholders by offering the right to subscribe for new units at a discount or to realise value by renouncing their rights in favour of a third party or to trade those rights on SGX-ST for value. This offer structure is a first for any Singapore REIT."

Mr McGrath went on to say "Following completion of the acquisition of the Centrelink Property and the Rights issue, Allco REIT will have significant additional acquisition capacity to acquire further high quality commercial properties in Singapore, other parts of Asia and Australia."

4) The proposed General Mandate for the issue of new units

The Circular also seeks Unitholders' approval to raise further equity by the issue of new units until 31 December 2007 without the requirement to hold a further EGM.

For further information, kindly contact:

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About Allco Commercial Real Estate Investment Trust (“Allco REIT”)

Allco REIT was listed on the main board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 30 March 2006. Allco REIT’s property portfolio currently spans high quality assets in both Singapore and Australia. Allco REIT’s Singapore assets are a 100% interest in the China Square Central Property and a 100% interest in 55 Market Street. In Australia, Allco REIT owns a 50% interest in Central Park (Perth) and an investment in the Allco Wholesale Property Fund (“AWPF”). The interest in AWPF was valued at A\$46.6 million (S\$56.4 million) as at 31 December 2006. AWPF has a 50.0% interest in each of Ernst & Young Centre and World Square Retail Complex and Public Car Park in Sydney, a 100.0% interest in 222 Exhibition Street in Melbourne and a 100% interest in Neeta Shopping Centre in Sydney.

Allco (Singapore) Limited’s (the “Manager”) investment policy for Allco REIT is to invest primarily in Real Estate and Real Estate Related Assets in the office and retail sectors in Singapore, other parts of Asia and Australia. The Manager’s key objectives are to:

- (a) deliver regular, stable and growing distributions to Unitholders; and
- (b) achieve long term growth in the net asset value per Unit.

About the Manager

The Manager was incorporated on 15 March 2005 and is the manager of Allco REIT. Allco Finance Group Limited (“Allco”) is the ultimate holding company of the Manager.

About Allco

Commencing business in 1979, Allco is a fully integrated global financial services business, listed on the Australian Stock Exchange (ASX:AFG) with a market capitalisation of over S\$5 billion as at 31 December 2006. Allco was formed by the merger on 1 July 2006 of the privately-owned Allco Finance Group Limited (“AFGL”), Sponsor of Allco REIT, and Australian public listed company Record Investments Limited (a company established and managed by AFGL). Allco specialises in structured asset finance, funds management and debt funding activities, principally in aviation, property, rail, shipping, small ticket equipment, infrastructure and financial assets. To date, Allco has completed in excess of S\$70 billion of transactions globally.

Headquartered in Sydney, Allco’s growth prospects are augmented by its network of offices in key markets throughout Asia Pacific, North America and UK/Europe. For more information please refer to www.allco.com.au

IMPORTANT NOTICE

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, 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 and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of Allco REIT units ("Units") and the income derived from them, if any, may fall or 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.

Investors should note that they 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. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of Allco REIT is not necessarily indicative of the future performance of Allco REIT.