Macquarie Pacific Star

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Media release

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MMP REIT 1Q 2006 DISTRIBUTABLE INCOME EXCEEDS IPO PROJECTION BY 11.1%; ANNUALISED TRADING YIELD AT 6.25%[1]

Macquarie MEAG Prime REIT

HIGHLIGHTS

- Net property income of $17.3 million exceeds IPO projection by 5.7%; gross revenue up 3.7% to $22.5 million
- Distributable income of $13.6 million exceeds IPO projection by 11.1%
- Distributable income of 1.44 cents per unit exceeds IPO projection by 11.6%, giving an annualized trading yield of 6.25%
- Higher office rentals, organic growth, asset enhancements and acquisitions to drive future growth
- MMP REIT seeking corporate credit rating

SINGAPORE, 26 April, 2006 – Macquarie MEAG Prime REIT (MMP REIT) today announced it has surpassed the income and distribution projections made during its Initial Public Offering (IPO) in September 2005.

For the period 1 January 2006 to 31 March 2006 (1Q 2006), it reported net property income of $17.3 million, 5.7% higher than the $16.4 million projected in its IPO prospectus. The higher income was achieved on the back of a 3.7% increase in gross revenue to $22.5 million and 2.5% lower property expenses during the same period.

[1] Based on last traded price of $0.935 per unit as at 25 April 2006

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Overview of MMP REIT's financial results for 1Q 2006

Statement of total return for 1Q 2006	Actual	Projection [2]	% Change
Gross revenue ($'000)	22,464	21,657	3.7%
Net property income ($'000)	17,316	16,379	5.7%
Distributable income ($'000)	13,619	12,261	11.1%
DPU (cents)	**1.44**	**1.29**	**11.6%**
Annualized distribution yield			
• Based on IPO price ($0.98 per unit)	5.96%	5.34% [3]	
• Based on 25 April 2006 closing price ($0.935 per unit)	6.25%	5.60%	

Franklin Heng, Chief Executive Officer of Macquarie Pacific Star Prime REIT Management Limited, which manages MMP REIT, said the strong results were largely due to higher rental income from the office portfolio of the two properties (Properties) and better than expected retail income from Wisma Atria and lower leasing and property maintenance expenses, as well as lower trust expenses.

He added: "The Singapore office market continues to witness a rental upswing and we are riding on this momentum and locking in higher office rents for our Properties.

"On the retail front, a shortage of space along Orchard Road coupled with an expected boom in the retail market has led to high bid prices of two reserve sites on Orchard Road – the Orchard Turn and Somerset sites.

"With healthy economic growth, the government's initiatives to boost tourist arrivals and growing interest by local and foreign brands in expanding into Singapore, we remain positive on the local retail scene, particularly along Orchard Road."

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[2] Figures derived from pro-rating the projection for the year ending 31 December 2006 (Projection) as disclosed in the IPO Prospectus for the period from 1 January 2006 to 31 March 2006

[3] Yield differs from Projection 5.35% due to mathematical rounding

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Retail occupancy remains resilient at 100% for the Properties. The revamped F&B concept at Wisma Atria, particularly the much talked-about Food Republic at level 4 of Wisma Atria, helped lift shopper traffic by 19% in 1Q 2006 compared to the corresponding period last year.

Strong results were also recorded in the office portfolio. The office occupancy rate of the Wisma Atria property improved to 92.4% in March 2006 compared to 90.6% in December 2005 while the occupancy level of the Ngee Ann City property remained fairly stable at 93.1% in March 2006.

Going forward

Mr Heng reiterated that organic growth, asset enhancement plans and acquisitions are expected to underpin performance in 2006. Organic growth is expected to come from more variable retail leases and higher office occupancy. The proportion of Wisma Atria's retail leases (by net lettable area) featuring a base rent plus turnover rent continued to increase, from 33% in December 2005 to 37% in March 2006. This is line with MMP REIT's strategy to convert all retail leases in Wisma Atria to such variable structure, enabling MMP REIT to increase revenue streams as retailers boost their sales.

Strong rental growth is expected from the office portfolio, where average monthly rents of expiring leases are below current market rates. With analysts projecting a buoyant leasing market and higher rental rates, the Properties should benefit from the office rental cycle upswing.

Mr Heng noted that the asset enhancement plans for Wisma Atria will be exciting. "Following the completion of our F&B concept and the successful launch of Food Republic, we are looking at a re-positioning of Wisma Atria as part of our asset enhancement roadmap for the mall. We aim to strengthen Wisma Atria's market position in providing an appealing and unique shopping experience for the trendy and fashion conscious."

On acquisitions, Mr Heng commented that apart from Singapore, efforts will also be directed at seeking investments that increase MMP REIT's yield in the gateway and major cities in Asia.

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He noted: “We review our target markets regularly as market conditions change and as opportunities arise. Apart from Japan, Malaysia and Singapore currently identified as our tier 1 country targets, we have elevated China and India into tier 1 and 2 target markets respectively, given the growing consumer spending power and increasing demand for commercial properties, which should augur well for income-producing retail and office properties.

“We are also looking at Australia as a stable and mature market that could offer quality and fundamentally sound real estate opportunities. We have also included Vietnam on our radar screen as an emerging market that is fast opening up to international investments.”

Mr Heng added that MMP REIT is likely to maximise its existing debt capacity to fund acquisitions as debt is currently still more cost effective than equity. MMP REIT has a low gearing of about 29% as at end March 2006, leaving sufficient leeway to fund about $570 million acquisitions without needing to raise new equity, based on a consolidated gearing ratio of 50%. “We are in the midst of seeking a corporate credit rating for MMP REIT to prepare the REIT for greater debt capacity to fund acquisitions quickly.”

Barring unforeseen circumstances, MMP REIT is expected to deliver distributions of at least 5.25 cents per unit for the year ending 31 December 2006 as projected in the IPO prospectus.

- End -

In relation to the initial public offering of MMP REIT units in September 2005, the joint financial advisors were DBS Bank Ltd (“DBS Bank”), J.P. Morgan (S.E.A.) Limited (“JP Morgan”) and Macquarie Securities (Asia) Pte Limited. The joint lead underwriters and bookrunners were DBS Bank, Deutsche Bank AG, Singapore Branch, JP Morgan and Macquarie Securities (Singapore) Pte. Limited.

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About Macquarie MEAG Prime REIT

MMP REIT is the only Singapore real estate investment trust to own two landmark properties on Orchard Road, Singapore's premier shopping and tourist precinct. MMP REIT owns 74.23 per cent strata title interest in Wisma Atria and 27.23 per cent strata title interest in Ngee Ann City. Both properties have been awarded Superbrand status for the Shopping Centre category in the Superbrands Singapore Awards 2004/2005. MMP REIT's principal investment strategy is to invest primarily in prime real estate used mainly for retail and/of office purposes, in Singapore and overseas.

MMP REIT is managed by an external manager, ***Macquarie Pacific Star Prime REIT Management Limited,*** *which is 50 per cent indirectly owned by Macquarie Bank Limited of Australia, 25 per cent indirectly owned by ERGO Trust GmbH of Germany and 25 per cent indirectly owned by Investmore Enterprises Ltd.*

Visit MMP REIT's website at **www.mmpreit.com** for more details.

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