Macquarie Pacific Star

MACQUARIE

Macquarie MEAG Prime REIT

Macquarie MEAG Prime Real Estate Investment Trust
Financial Statements Announcement
For the First Quarter Ended 31 March 2008

These financial statements for the period from 1 January 2008 to 31 March 2008 have not been audited or reviewed by our auditors.

Macquarie MEAG Prime Real Estate Investment Trust ("MMP REIT" or "Trust") is a real estate investment trust constituted by the Trust Deed entered into on 8 August 2005 (last amended and restated on 10 December 2007) between Macquarie Pacific Star Prime REIT Management Limited as the Manager of MMP REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of MMP REIT. MMP REIT was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 20 September 2005.

The principal activities of MMP REIT and its subsidiaries (the "Group") are those relating to investment in a diverse portfolio of real estate and real estate assets with the prime objective of delivering regular and stable distributions and net asset value per unit.

MMP REIT owns 331 strata lots representing 74.23% of the total share value of the strata lots in Wisma Atria and 4 strata lots representing 27.23% of the total share value of the strata lots in Ngee Ann City (the "Singapore Properties"), 100% interest in seven properties in Tokyo, Japan (the "Japanese Properties") and 100% interest in Renhe Spring Zongbei Department Store in Chengdu, China (the "Renhe Spring Zongbei Property").

SUMMARY OF THE GROUP'S RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Group 01/01/08 to 31/03/08	Group 01/01/07 to 31/03/07	Increase / (Decrease)
	S$'000	S$'000	%
Gross revenue	30,418	23,378	30.1%
Net property income	23,089	17,250	33.8%
Net income available for distribution	17,011	13,988	21.6%
	Cents per Unit		
Distribution per Unit ("DPU")			
For the quarter from 1 January to 31 March	1.76	1.47	19.7%
Annualised (based on the three months to 31 March)	7.08	5.96	18.8%

DISTRIBUTION DETAILS

Distribution period	1 January to 31 March 2008
Distribution amount	1.76 cents per unit
Books closure date	8 May 2008
Payment date	30 May 2008

1(a) Income statement together with a comparative statement for the corresponding period of the immediately preceding financial period

Statement of Total Return for the Quarter Ended 31 March 2008

	Notes	Group 01/01/08 to 31/03/08 S$'000	Group 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %	Trust 01/01/08 to 31/03/08 S$'000	Trust 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**30,418**	**23,378**	**30.1%**	**24,793**	**23,378**	**6.1%**
Maintenance and sinking fund contributions		(1,387)	(1,337)	3.7%	(1,337)	(1,337)	0.0%
Property management fees	(b)	(1,029)	(701)	46.8%	(744)	(701)	6.1%
Property tax		(2,500)	(2,176)	14.9%	(2,465)	(2,176)	13.3%
Other property expenses	(c)	(2,413)	(1,914)	26.1%	(1,549)	(1,914)	(19.1%)
Property expenses		**(7,329)**	**(6,128)**	**19.6%**	**(6,095)**	**(6,128)**	**(0.5%)**
Net property income		**23,089**	**17,250**	**33.8%**	**18,698**	**17,250**	**8.4%**
Finance income		43	75	(42.7%)	28	75	(62.7%)
Fair value adjustment on security deposit and retention sum	(d)	(46)	(113)	(59.3%)	(37)	(113)	(67.3%)
Tenancy relief	(e)	-	(750)	(100.0%)	-	(750)	(100.0%)
Management fees	(f)	(2,822)	(1,880)	50.1%	(2,779)	(1,880)	47.8%
Trust expenses	(g)	(1,063)	(295)	260.3%	(958)	(295)	224.7%
Finance expense	(h)	(4,705)	(3,352)	40.4%	(3,398)	(3,352)	1.4%
Non property expenses		**(8,593)**	**(6,315)**	**36.1%**	**(7,144)**	**(6,315)**	**13.1%**
Net income before tax		**14,496**	**10,935**	**32.6%**	**11,554**	**10,935**	**5.7%**
Change in fair value of unrealised derivative instruments	(i)	(13,360)	-	-	(13,159)	-	-
Unrealised foreign exchange gain (losses)		-	-	-	11,918	-	-
Total return for the period before tax and distribution		**1,136**	**10,935**	**(89.6%)**	**10,313**	**10,935**	**(5.7%)**
Income tax expense	(j)	(625)	-	-	-	-	-
Total return for the period after tax, before distribution		**511**	**10,935**	**(95.3%)**	**10,313**	**10,935**	**(5.7%)**

Footnotes:

(a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The increase in gross revenue is mainly attributed to higher rental rates achieved for renewals and new committed leases, as well as revenue on its overseas properties which accounted for approximately 18% of total gross revenue for the period ended 31 March 2008.

(b) Property management fees comprise 3% per annum and 2% to 5% per annum of the gross revenue from the Singapore Properties and Japanese Properties respectively, and 0.8% per annum of turnover rent of the Renhe Spring Zongbei Property in China. The increase is due to property management fees payable in respect of the Japanese and China properties.

(c) Other property expenses for the period are higher due to higher commission paid for new and renewal leases, which were transacted at higher rentals. Tenancy costs also increased arising from re-positioning of the tenant mix.

(d) Being adjustment of the initial fair value of security deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39. The lower amount during the period ended 31 March 2008 is due to the shorter period of the average lease expiry compared to the previous period.

(e) There were no tenancy relief payments made to tenants for the period ended 31 March 2008.

(f) Management fees consist of the base fee, which is calculated based on 0.5% per annum of the value of the Trust Property. The higher fee is due to the increase in the value of the Trust Property.

(g) The higher trust expenses are due to non-recurring strategic review costs and higher professional fees incurred by the Trust for the period ended 31 March 2008.

(h) Finance expenses are higher due to debt financing of the overseas properties acquisitions and include interest receivable and payable under the interest rate swaps and cross currency swap contracts.

(i) Represented mainly the change in fair value of interest rate swaps, interest rate caps and cross currency swaps which were entered into in relation to the acquisition of the Japanese Properties. The unrealised loss on the cross currency swaps was offset by an increase in value of the Japanese Properties due to an improvement in foreign currency exchange rates.

(j) Income tax expense includes withholding tax and deferred tax accrued in relation to the overseas properties.

NM – Not Meaningful

Distribution Statement for the Quarter Ended 31 March 2008

	Notes	Group 01/01/08 to 31/03/08 S$'000	Group 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %	Trust 01/01/08 to 31/03/08 S$'000	Trust 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %
Total return after tax, before distribution		**511**	**10,935**	**(95.3%)**	**10,313**	**10,935**	**(5.7%)**
Non-tax deductible / (chargeable) items:							
Management fees paid / payable in units		1,449	1,128	28.5%	1,449	1,128	28.5%
Finance costs		296	239	23.8%	448	239	87.4%
Sinking fund contribution		292	292	0.0%	292	292	0.0%
Tenancy relief		-	750	(100.0%)	-	750	(100.0%)
Depreciation		421	376	12.0%	421	376	12.0%
Change in fair value of unrealised derivative instruments		13,360	-	-	13,159	-	-
Unrealised foreign exchange gain		-	-	-	(11,918)	-	-
Deferred income tax		76	-	-	-	-	-
Other items	(a)	606	268	126.1%	327	268	22.0%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	2,520	-	-
Income available for distribution		**17,011**	**13,988**	**21.6%**	**17,011**	**13,988**	**21.6%**

Footnotes:

(a) Other items include mainly trustee's fee and non-tax deductible costs relating to the strategic review.

1(b) (i) Balance sheet, together with comparatives as at the end of the immediately preceding financial period

Balance Sheet as at 31 March 2008

	Notes	Group 31/03/08 S$'000	Group 31/12/07 S$'000	Trust 31/03/08 S$'000	Trust 31/12/07 S$'000
Assets					
Investment properties	(a)	2,225,052	2,208,574	1,932,423	1,932,350
Interests in subsidiaries			-	238,147	226,399
Plant and equipment		1,835	2,259	1,733	2,155
Intangible asset	(b)	12,613	12,613	-	-
Derivative financial instruments	(c)	280	1,920	280	1,447
Trade and other receivables		10,543	9,499	4,826	5,281
Cash and cash equivalents		42,944	42,686	18,457	19,057
Total assets		**2,293,267**	**2,277,551**	**2,195,866**	**2,186,689**
Liabilities					
Trade and other payables	(d)	(59,356)	(57,563)	(47,025)	(44,590)
Derivative financial instruments	(c)	(18,586)	(8,036)	(18,845)	(8,036)
Income tax payable		(170)	(656)	-	-
Deferred tax liabilities	(e)	(16,700)	(16,598)	-	-
Borrowings (net of transaction costs)	(f)	(661,068)	(657,531)	(612,916)	(612,741)
Total liabilities		**(755,880)**	**(740,384)**	**(678,786)**	**(665,367)**
Net assets attributable to unitholders		**1,537,387**	**1,537,167**	**1,517,080**	**1,521,322**

Footnotes:

(a) Investment properties have increased largely due to an improvement in foreign currency exchange rates as at 31 March 2008. The Singapore Properties, Japanese Properties and the Renhe Spring Zongbei Property were independently revalued to an aggregate amount of approximately S$2,208.6 million as at 31 December 2007, by CB Richard Ellis (Pte) Ltd, Tokyo Asset Research Co. Ltd and Savills Valuation and Professional Services Limited respectively.

(b) Intangible asset represents goodwill on acquisition of Top Sure Investment Limited in August 2007. The company owns, through its wholly owned subsidiary, the Renhe Spring Zongbei Property.

(c) Derivative financial instruments include the fair value of the interest rate swaps, interest rate caps, cross currency swaps and foreign currency contracts taken out in relation to the acquisition of the Group's overseas properties.

(d) The increase in 2008 is mainly due to an increase in security deposits and payables in relation to the overseas properties and advance rental received. Payables include an amount of S$13.7 million, which forms part of the consideration for the investment properties retained under the sale & purchase agreement in respect of Wisma Atria.

(e) Deferred tax liabilities are mainly in respect of the Renhe Spring Zongbei Property and has been estimated on the basis of an asset sale at the current book value. The amount will not be payable if the investment property were sold through a sale of shares in Top Sure Investment Limited.

(f) Borrowings include a S$380 million term loan, a S$160 million bridging loan, S$75 million drawndown from existing revolving credit facilities ("RCF"), a Yen 3.1 billion (S$43.1 million) Japanese bond and a RMB30.1 million (S$6.2 million) loan payable to a third party property vendor in China.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 31/03/08 S$'000	Group 31/12/07 S$'000	Trust 31/03/08 S$'000	Trust 31/12/07 S$'000
Secured borrowings	(a)				
Amount repayable within one year		-	-	-	-
Amount repayable after one year		380,000	380,000	380,000	380,000
		380,000	**380,000**	**380,000**	**380,000**
Unsecured borrowings	(b)				
Amount repayable within one year		235,941	235,833	235,000	235,000
Amount repayable after one year		48,338	45,067	-	-
Total borrowings		**664,279**	**660,900**	**615,000**	**615,000**
Less: Unamortised loan acquisition expenses		(3,211)	(3,369)	(2,084)	(2,259)
Total borrowings (net of transaction costs)		**661,068**	**657,531**	**612,916**	**612,741**

Footnotes:

(a) Secured
The Group has secured facilities of S$380 million term loan facility with a tenor of 5 years (repayable on 20 September 2010).

The facilities are secured on the following:
(i) A first legal mortgage on the Singapore Properties;
(ii) A first fixed charge over the Trust's rental collection, current and fixed deposit accounts;
(iii) An assignment of the Trust's rights, title and interest in the property management agreement, tenancy documents and proceeds and insurance policies in relation to the Singapore Properties; and
(iv) A fixed and floating charge over the assets of the Trust in relation to the Singapore Properties, agreements and collateral, as required by the financial institution granting the facilities.

(b) Unsecured
The Group has bridging loans totalling S$160 million repayable on or before 30 September 2008, and RCF of up to S$95 million for a remaining tenor of less than one year. Currently, S$75 million is outstanding under the RCF, out of which S$60 million is repayable on 30 September 2008 and the remaining S$15 million is repayable on 31 March 2009.

In addition, the Group has a five-year bond facility of Yen 3.1 billion (S$43.1 million) maturing in May 2012, which was used to part finance the acquisition of the Japanese Properties. Whilst no security has been pledged, the bondholders have a statutory preferred right, under Japanese Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of the issuer.

The Group also has a seven-year loan of RMB40 million (S$7.9 million) from a third party property vendor, which was assumed as part of the acquisition of the Renhe Spring Zongbei Property. The carrying amount of S$6.2 million represents the discounted value of the RMB40 million loan, which is interest-free and repayable over seven years in equal, annual instalments, ending in August 2014.

1(c) Consolidated cash flow statement

	Group 01/01/08 to 31/03/08 S$'000	Group 01/01/07 to 31/03/07 S$'000
Operating activities		
Total return for the period before tax and distribution	1,136	10,935
Adjustments for		
Finance income	(43)	(75)
Fair value adjustment on security deposits and retention sum	46	113
Depreciation	428	376
Management fees paid / payable in units	1,449	1,128
Finance expense	4,705	3,352
Change in fair value of unrealised derivative instruments	13,360	-
Operating income before working capital changes	21,081	15,829
Changes in working capital:		
Trade and other receivables	(1,038)	747
Trade and other payables	1,703	2,856
Income tax paid	(1,004)	-
Cash generated from operating activities	**20,742**	**19,432**
Investing activities		
Purchase of plant and equipment	(4)	(43)
Capital expenditure on investment properties	(73)	-
Interest received on deposits	37	80
Cash flows from investing activities	**(40)**	**37**
Financing activities		
Borrowing costs paid (net)	(5,635)	(3,164)
Proceeds from borrowings	15,116	14,000
Repayment of borrowings	(15,116)	(16,000)
Distributions paid to unitholders	(16,004)	(13,941)
Cash flows from financing activities	**(21,639)**	**(19,105)**
Net (decrease)/ increase in cash and cash equivalents	**(937)**	**364**
Cash and cash equivalents at the beginning of the period	42,686	20,122
Effects of exchange rate differences on cash	1,195	-
Cash and cash equivalents at the end of the period	**42,944**	**20,486**

1(d) (i) Statement of movements in net assets attributable to Unitholders

	Notes	Group 01/01/08 to 31/03/08 S$'000	Group 01/01/07 to 31/03/07 S$'000	Trust 01/01/08 to 31/03/08 S$'000	Trust 01/01/07 to 31/03/07 S$'000
Net assets attributable to unitholders at the beginning of the period		1,537,167	1,098,461	1,521,322	1,098,461
Operations					
Change in net assets attributable to unitholders resulting from operations, before distributions	(a)	511	10,935	10,313	10,935
Increase in net assets resulting from operations		**511**	**10,935**	**10,313**	**10,935**
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		2,346	-	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		11,918	-	-	-
Net gain (loss) recognised directly in net assets attributable to unitholders	(b)	**14,264**	**-**	**-**	**-**
Unitholders' transactions					
Creation of units:					
- Management fees paid in units		-	-	-	-
- Management fees payable in units	(c)	1,449	1,128	1,449	1,128
Distribution to unitholders		(16,004)	(13,941)	(16,004)	(13,941)
Decrease in net assets resulting from unitholders' transactions		**(14,555)**	**(12,813)**	**(14,555)**	**(12,813)**
Net assets attributable to unitholders at the end of the period		**1,537,387**	**1,096,583**	**1,517,080**	**1,096,583**

Footnotes:

(a) Change in net assets attributable to unitholders resulting from operations for the period ended 31 March 2008, includes the change in fair value of unrealised derivative instruments.

(b) The movement in foreign currency translation reserve relates to the exchange differences arising on the translation of foreign controlled entities and intercompany loans that form part of the Group's net investment in the foreign entities.

(c) There are an estimated 1,205,178 units to be issued to the Manager by 30 April 2008 as partial satisfaction of the base fee element of the management fee incurred for the period ended 31 March 2008.

1(d)(ii) Details of any change in the units since the end of the previous period reported on

	Notes	Group and Trust 01/01/08 to 31/03/08 Units	Group and Trust 01/01/07 to 31/03/07 Units
Issued units at the beginning of the period		951,328,908	947,375,680
Management fees issued in units (base fee)		1,313,630	1,000,019
Management fees issued in units (performance fee)		-	-
Issued units at the end of the period		952,642,538	948,375,699
Management fees payable in units to be issued (base fee)	(a)	1,205,178	932,968
Management fees payable in units (performance fee)	(b)	-	-
Total issued and issuable units at the end of the period		**953,847,716**	**949,308,667**

Footnotes:

(a) There are an estimated 1,205,178 units to be issued to the Manager by 30 April 2008 as partial satisfaction of the base fee element of the management fee incurred for the period ended 31 March 2008.

(b) Performance fees are calculated for each six-month period ending 30 June and 31 December.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied

Yes.

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

Not applicable.

6 Consolidated earnings per unit ('EPU') and distribution per unit ('DPU') for the financial period

	Notes	Group 01/01/08 to 31/03/08	Group 01/01/07 to 31/03/07
Weighted average number of units	(a)	952,222,717	948,386,065
Earnings per unit for the period based on the weighted average number of units in issue (cents)		0.05	1.15
Number of units issued and issuable at end of period		953,847,716	949,308,667
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	(b)	1.76	1.47
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)		1.76	1.47

Footnotes:

(a) The actual weighted average number of units used for computation of EPU for the period ended 31 March 2008 is 952,222,717 and has been calculated on a time-weighted basis. This number comprises:

(i) Weighted average number of units in issue of 952,209,473; and

(ii) Weighted average number of units issuable to the Manager of 13,244.

(b) The computation of DPU is based on number of units entitled to distributions comprising:

(i) The number of units in issue as at 31 March 2008 of 952,642,538;

(ii) The estimated number of units issuable to the Manager as partial satisfaction of management fee incurred for the period ended 31 March 2008 of 1,205,178.

7 Net asset value per unit based on units issued at the end of the period

	Notes	Group 31/03/08	Group 31/12/07	Trust 31/03/08	Trust 31/12/07
Net asset value per unit (S$)	(a)	1.61	1.61	1.59	1.60

Footnotes:

(a) The number of units used for computation of NAV per unit is 953,847,716. This comprises:

(i) The number of units in issue as at 31 March 2008 of 952,642,538;

(ii) The estimated number of units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for the period ended 31 March 2008 of 1,205,178.

8 Review of the performance
Statement of Total Return and Distribution for the Quarter ended 31 March 2008

	Group 01/01/08 to 31/03/08 S$'000	Group 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %	Trust 01/01/08 to 31/03/08 S$'000	Trust 01/01/07 to 31/03/07 S$'000	Increase / (Decrease) %
Gross revenue	**30,418**	**23,378**	**30.1%**	**24,793**	**23,378**	**6.1%**
Property expenses	(7,329)	(6,128)	19.6%	(6,095)	(6,128)	(0.5%)
Net property income	**23,089**	**17,250**	**33.8%**	**18,698**	**17,250**	**8.4%**
Non property expenses	(8,593)	(6,315)	36.1%	(7,144)	(6,315)	13.1%
Net income before tax	**14,496**	**10,935**	**32.6%**	**11,554**	**10,935**	**5.7%**
Change in fair value of unrealised derivative instruments	(13,360)	-	-	(13,159)	-	-
Unrealised foreign exchange gain	-	-	-	11,918	-	-
Total return for the period before tax and distribution	**1,136**	**10,935**	**(89.6%)**	**10,313**	**10,935**	**(5.7%)**
Income tax expense	(625)	-	-	-	-	-
Total return for the period after tax, before distribution	**511**	**10,935**	**(95.3%)**	**10,313**	**10,935**	**(5.7%)**
Non tax deductible/(chargeable) items and other adjustments	16,500	3,053	440.5%	4,178	3,053	36.8%
Net overseas income not distributed to the Trust, net of amount received	-	-	-	2,520	-	-
Net income available for distribution	**17,011**	**13,988**	**21.6%**	**17,011**	**13,988**	**21.6%**

Gross revenue was higher in the current period mainly due to higher rental rates achieved for renewals, new committed leases and revenue from the Group's overseas properties, which accounted for approximately 18% of total gross revenue for the period ended 31 March 2008. Property expenses were also higher due to increases in commission for new and renewal leases, and tenancy costs and overseas properties.

The unrealised loss on the derivative instruments for the current period of S$13.4 million represented the change in fair value of interest rate swaps, interest rate caps and cross currency swaps which were entered into in relation to the overseas properties. The unrealised loss on the cross currency swaps was offset by an increase in value of the overseas properties due to an improvement in foreign currency exchange rates.

Net income available for distribution for the current period was S$17.0 million, 21.6% above the previous comparative period. This increase is largely contributed from stronger performance of the Singapore Properties and the Group's overseas properties acquired between May and September 2007.

9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Singapore [1]

According to a report by CB Richard Ellis (CBRE) on Singapore office market outlook, the Grade A vacancy rate remained below one per cent in the first quarter of 2008. Prime office rents averaged S$16 psf per month ("psf pm") while Grade A office rents averaged S$18.65 psf pm in Q1 2008, reflecting respective increases of 6.7 per cent and 8.7 per cent from the preceding period. CBRE noted that the rate of increase in Q1 2008 moderated compared with the four quarterly increases in 2007. It also estimates that 10.3 million sq ft of office space could be completed between 2008 and 2012, the bulk of which will come on stream in 2010 and 2011. This may ease the supply crunch which is driving the office rents up.

Retail space has inched up by less than 2 per cent between 2003 and 2007 from 34.07 million sq ft to 34.64 million sq ft at end-2007. That has been followed by retail rents around Singapore rising 33.9 per cent in the same period. The island-wide shop space rental index grew from 86.9 in 4Q 2003 to 116.4 in 4Q 2007. Between now and 2010, about 6.8 million sq ft of retail space is expected to come on stream. That actually works out to fewer feet of retail space per person than currently. There will be an estimated 6.89 sq ft of retail space per capita of population, down from 7.4 sq ft in 2007.

All segments of the retail market saw rental increases. For example, in Orchard Road (central), average monthly gross rental at end-2007 was S$45.45 psf pm, up from S$36.88 psf pm at the beginning of 2005. Average monthly gross rental for suburban areas rose to S$28.98 psf pm, up from S$26.35 psf pm three years ago. At these levels, they are still some way behind prime retail rents in Hong Kong (S$86.40 psf pm), London (S$126.61 psf pm) and New York (S$142.77 psf pm).

Japan [2]

The Japanese economy has been displaying contradicting signals. While confidence of consumers and small firms has plunged in recent months, most other indicators remain solid and show no particular problems with the cycle. Output has been strong, despite construction sector problems, possibly driven by exports. Labour demand is solid, consumer spending appears healthy and credit growth is steady. A major factor that would impact the economy is inflation. Headline inflation rose to 1.0% YoY in February 2008, which is the highest reading since 1994. The rate of inflation growth has accelerated in recent months and the rise is entirely due to global commodity prices. Energy contributed 0.7% of the YoY gain and food another 0.3%. Other prices continue to track sideways. The Bank of Japan's Governor indicated on 9 April 2008 that economic growth will keep slowing as rising oil and commodity prices weigh on the world's second-largest economy. The Bank of Japan sees Japan's GDP growth potential at the upper end of 1.0 percent in 2008.

The annual *Koji Chika* land price survey showed widespread acceleration of the rise in land prices while recent anecdotal evidence had pointed to a slowdown. Commercial land prices in the three main urban centres rose 10.4% in the year to January 2008 compared with an 8.9% gain last year. In metropolitan Tokyo prices rose 17.3% compared to 15.9% last year.

Commercial land prices	Jan 06	Jan 07	Jan 08
Tokyo (23 wards)	3.7%	15.9%	17.3%
Three largest cities	1.0%	8.9%	10.4%

Given limited new supply in the Tokyo central business district (CBD), the Tokyo office market is expected to remain firm with office vacancy rate likely to remain below 4% over the next three years. Owners still have the upper hand, and rents are expected to continue to rise as developers' going rents remain 10–20% below market asking rents. While rents are rising, cap rates are likely to remain firm.

Chengdu, China (3)

GDP in Chengdu increased 15.3% year-on-year in 2007 and the total production value of Chengdu in 2007 reached RMB332.44 billion. The World Bank, State Information Centre and Chinese National Development and Reform Commission issued a joint report entitled "Chinese cities' investment environment from the views of government and enterprises", in which Chengdu is ranked in terms of the current investment environment as the 14th city in China and the top city in west China.

As large companies continued to expand into Chengdu, the office rents and capital values in Chengdu are expected to grow steadily in 2008. Chengdu's Grade A office market rental and capital values are expected to be on an upward trend in 2008.

According to the statistics of Jones Lang LaSalle, within 2007 a total of 10 new retail projects (estimated retail area of 566,600 square meters) were completed and started operations in Chengdu, among which seven were located in Chunxi Road and Yanshi Crossing, two business districts most favored by retail developers. However, the influx of retail trade giants and many luxury brands in 2007 created a huge demand for retail space as well. As such, demand and supply in the city both increased tremendously.

Outlook for the next 12 months

The Singapore debt market remains tight, given the unprecedented amount of S$ property loans being raised and international banks' reduced lending capacity as a result of the subprime crisis. This has resulted in increased debt costs for borrowers in the Singapore property market.

The Manager expects the Group to continue to benefit from proactive strategies in the management of its assets, the current buoyant office leasing market in Singapore and retail sector in China. To the extent that there is a significant slowdown in the regional economies, these buoyant markets may be adversely impacted.

Sources

(1) CBRE Press Release "Office Growth Moderated in Q1 08" (7 April 2008);
Business Times report "Retail Rents unlikely to soften" (27 March 2008)

(2) Macquarie Research – various Equity Reports
- Major Developers, 7 April 2008
- Macquarie Research, Economics (Japan), Land Prices Accelerating, 24 March 2008
- Macquarie Research, Economics (Japan), Contradictory Signals, 6 February 2008
- Macquarie Research, Economics (Japan), Inflation hits 1%, 28 March 2008

Bloomberg, BOJ's Shirakawa Says Japan Economy to Keep Slowing, 9 April 2008

(3) Savills Report Winter 2007 - Chengdu Office Briefing (4Q2007);
Jones Lang LaSalle Asia Pacific Property Digest (Greater China) (4Q2007)

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes
Name of distribution:	First quarter distribution for the period from 1 January 2008 to 31 March 2008.
Distribution rate:	1.76 cents per unit
Distribution type:	

Type	Cents
Taxable income component	1.56
Tax-exempt income component	0.01
Capital component	0.19
Total	**1.76**

Par value of units: NA

Tax rate: Taxable income component

Taxable income distributions are made out of the Trust's taxable income. Unitholders receiving such distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Tax-exempt income component

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

Capital component

The capital component of the distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. Such distribution refers to the amount of distribution made by the Trust where the income from the underlying properties located overseas has not been received as income by the Trust. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units.

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	First quarter distribution for the period from 1 January 2007 to 31 March 2007.
Distribution type:	Taxable income
Distribution rate:	1.47 cents per unit
Par value of units:	NA
Tax rate:	These distributions are made out of the Trust's taxable income. Unitholders receiving such distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through partnership or as trading assets).

Footnotes:

NA – Not applicable

(c) Date payable: 30 May 2008

(d) Books Closure Date: 8 May 2008

12 If no distribution has been declared/(recommended), a statement to that effect

Not applicable

13 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results as at 31 March 2008 and the results for the three months ended on that date, to be false or misleading.

On behalf of the Board

Stephen Girdis	Franklin Heng
Chairman	Chief Executive Officer/Director

which are based on current view of management on future events.

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

BY ORDER OF THE BOARD
MACQUARIE PACIFIC STAR PRIME REIT MANAGEMENT LIMITED
AS MANAGER OF MACQUARIE MEAG PRIME REAL ESTATE INVESTMENT TRUST

Patricia Ong
Alternate Company Secretary
29 April 2008