Macquarie Pacific Star

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Media release

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MMP REIT 2Q 2006 DISTRIBUTABLE INCOME EXCEEDED IPO PROJECTION BY 10%; BAA1 RATING BY MOODY'S

Macquarie MEAG Prime REIT

HIGHLIGHTS

- Distributable income of 1.44 cents per unit exceeded IPO projection by 9.9%
- MMP REIT receives first time corporate family rating of "Baa1" by Moody's (stable outlook), reaffirming high quality of assets and strong management expertise

SINGAPORE, 24 July 2006 – Macquarie MEAG Prime REIT (MMP REIT) today announced it has again surpassed income and distribution projections made during its Initial Public Offering (IPO) in September 2005, making this the third consecutive financial reporting period that IPO projections have been exceeded.

For the period 1 April 2006 to 30 June 2006 (2Q 2006), MMP REIT reported net property income of $17.3 million, 4.7% higher than the $16.6 million projected in its IPO prospectus. The higher income was achieved on the back of a 2.3% increase in gross revenue to $22.4 million and 5.1% lower property expenses during the same period.

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Overview of MMP REIT's financial results for 2Q 2006

Statement of total return for 2Q 2006	Actual	Projection [1]	% Change
Gross revenue ($'000)	22,404	21,898	2.3%
Net property income ($'000)	17,340	16,561	4.7%
Distributable income ($'000)	13,632	12,398	10.0%
DPU (cents)	**1.44**	**1.31**	**9.9%**
Annualized distribution yield			
• Based on IPO price ($0.98 per unit)	5.89%	5.36% [2]	
• Based on 21 July 2006 closing price ($0.945 per unit)	6.11%	5.56%	

Franklin Heng, Chief Executive Officer of Macquarie Pacific Star Prime REIT Management Limited, the Manager of MMP REIT said, "We are delighted that MMP REIT has once again outperformed forecasts for three consecutive financial periods to deliver increased returns to our unitholders.

"For the six months ended 30 June 2006, we have delivered total distributions of 2.88 cents per unit, more than half of our 2006 forecast distribution of 5.25 cents per unit. Our strong results are largely due to higher rental rates for renewals and new committed leases, lower leasing and property maintenance expenses and lower trust expenses. We have been prudent in our overall expense management, as evidenced by the consistent total cost to revenue ratios."

"Once again, the office sector is an obvious star performer. We continue to ride on the momentum of the rental upswing by locking into higher rents for the two properties. Our office passing rents increased by 5% in 2Q 2006 compared to the last quarter, in line with the improving rental outlook."

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[1] 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 April 2006 to 30 June 2006 (2Q 2006)

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

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The office occupancy rate for both the Wisma Atria property and the Ngee Ann City property improved to 93.9% and 95.2% in June 2006 up from 92.4% and 93.1% respectively in March 2006. Retail occupancy remains resilient at 100% as retailers continued to seek a presence in this prime stretch of Orchard Road. Overall portfolio occupancy for both retail and office reached post-listing high of 98% as at end June 2006.

For the last six months ended June 2006, office leases accounted for 86% of new and renewal leases (by NLA), reflecting buoyant demand for quality office spaces, amidst tight supply in Orchard Road. Proactive leasing and marketing efforts also led to high retention of 76% of tenants at lease expiry.

Asset enhancement and tenant mix optimisation plans for Wisma Atria are showing positive results with popular brands like Starbucks, Rayure from France and most recently Fornarina from Italy choosing to open its first shop in Singapore at Wisma Atria.

Mr Heng states "This is a strong endorsement of Wisma Atria's market positioning as a cool, cosmopolitan lifestyle centre for the young and trendy as it continues to be a choice location for popular international brands. The strong shopper traffic is also evident of on-going retail enhancement efforts with shopper traffic increasing 21% in the first half of 2006 compared to the same period last year."

Moody's Investors Service first time assignment of "Baa1" corporate family rating for MMP REIT is also testament to the trust's high quality assets and strong management expertise. With the publication of this rating, MMP REIT will have a greater leeway to raise debt[3] and fund acquisitions quickly. Following the corporate rating, the Manager believes that an appropriate long term sustainable gearing ratio would be in the region of 40%-45% although this may be raised from time to time for short periods to secure strategic and opportunistic acquisitions quickly that are suitable and accretive. MMP REIT has a low gearing of 29% as at June 2006.

[3] Revised regulations by the Monetary Authority of Singapore allows a maximum gearing of 60% if the REIT publishes a rating

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Going forward

Mr Heng reiterated that organic revenue growth, continued asset enhancement plans and acquisitions are expected to underpin performance in 2006.

The proportion of Wisma Atria's retail leases (by net lettable area) featuring a base rent plus turnover rent has increased to 42% from 33% last quarter. This is in 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 to be derived from the office portfolio, where average monthly rents of expiring leases are at least 10% below current market rates. With property consultants projecting a robust leasing market and higher rental rates, MMP REIT should benefit from the office rental cycle upswing.

The asset enhancement plans for Wisma Atria continue to be exciting having revamped the mall's food and beverage concept (introducing the highly successful Level 4 "Food Republic"), bringing in popular brands like Starbucks, Rayure, Porter and Fornarina.

Mr Heng added, "We will keep Wisma Atria relevant to the changing trends and needs of the consumers by creating a unique shopping experience for them. On acquisitions, we are actively reviewing a number of accretive opportunities in our key target markets. 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 ("Wisma Atria Property") and 27.23 per cent strata title interest in Ngee Ann City ("Ngee Ann City Property") (together, the "Properties"). The 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/or 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 MEAG MUNICH ERGO AssetManagement 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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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 MMP REIT is not necessarily indicative of the future performance of MMP REIT.

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