Media release

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MMP REIT 3Q 2006 DISTRIBUTABLE INCOME EXCEEDS IPO PROJECTION BY 9%

ANNUALISED TRADING YIELD AT 5.93%[1]

HIGHLIGHTS

- Distributable income of 1.44 cents per unit beats IPO projection by 9.1%
- Growth underpinned by higher rental rates, lower leasing and property maintenance expenses and lower trust expenses
- Retail asset enhancements and office lease renewals to drive growth

SINGAPORE, 23 October 2006 – Macquarie Pacific Star Prime REIT Management Limited (Macquarie Pacific Star), the Manager of SGX-listed Macquarie MEAG Prime REIT (MMP REIT), said today that MMP REIT has outperformed its IPO projections for the fourth consecutive reporting period.

For the period 1 July 2006 to 30 September 2006 (3Q 2006), MMP REIT reported net property income of $17.4 million, 4.0% higher than the $16.7 million projected in its IPO prospectus. The higher income was achieved on the back of a 1.3% increase in gross revenue to $22.4 million and a 7.0% decline in property expenses.

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[1] Based on last traded price of $0.975 per unit as at 20 October 2006

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Overview of MMP REIT's financial results for 3Q 2006

Statement of total return for 3Q 2006	Actual	Projection [2]	% Change
Gross revenue ($'000)	22,425	22,139	1.3%
Net property income ($'000)	17,405	16,743	4.0%
Distributable income ($'000)	13,669	12,534	9.1%
DPU (cents)	**1.44**	**1.32**	**9.1%**
Annualized distribution yield			
• Based on IPO price ($0.98 per unit)	5.90%	5.34% [3]	
• Based on 20 October 2006 closing price ($0.975 per unit)	5.93%	5.37%	

Franklin Heng, Chief Executive Officer, Macquarie Pacific Star, said: "We are pleased to have consistently delivered better than expected results to MMP REIT unitholders. For the nine months of the current financial year, we have already made total distributions of 4.32 cents per unit, 10.2% higher than the 3.92 cents projected for the same period.

We will continue to build on the momentum achieved so far with regional diversification, focused asset management and continued cost discipline."

The strong results in 3Q 2006 were largely attributable to higher rental income from MMP REIT existing two properties, Ngee Ann City and Wisma Atria, particularly in their office portfolios, as well as lower leasing and property maintenance expenses.

The office portfolio performed exceptionally well, with committed occupancy reaching a post-IPO high of 97% as at end September 2006. Office passing rent[4] increased by 7% compared to last quarter, higher than the 5% quarter-on-quarter growth achieved last quarter. Retail portfolio committed occupancy was at 100% at end September 2006. The overall

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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 July 2006 to 30 September 2006 (3Q 2006)

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

[4] Based on weighted average rent

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portfolio committed occupancy edged up to 98.8% at end September 2006, from the previous post-IPO high of 98% at end June 2006.

Portfolio growth strategies

Commenting on the office strategy, Mr Heng said; “We are very upbeat in our outlook for the office sector. The robust growth is underpinned by firm demand and limited supply of good office space along Orchard Road.

“To capitalize on the rising office rental market, we have advanced the leasing of large office spaces which are currently below market rents.‘’

Metro Holdings Limited (Metro) occupies four office floors at the Ngee Ann City property, with total office space of 28,510 sq ft. Metro will be vacating these premises in early April 2007, ahead of its scheduled expiration in August 2008.

Mr Heng added: “We expect MMP REIT to enjoy a rental uplift of more than 60% through a new lease of this space, going by current market conditions. Including the space which Metro will be vacating, we have in total about 79,000 sq ft of office leases expiring this year and next year. The average monthly rent of these leases are 30-40% below current market rates.”

On the retail asset strategy, Mr Heng added that, the focus is to reinforce Wisma Atria as the preferred fashion destination. These include reconfiguring the mall’s trade mix with higher fashion-related content, strengthening the retail mix and increasing turnover rent contribution.

Mr Heng said: “We expect some disruption and inconvenience to shoppers and retailers while the MRT linkway is closed, but we are confident that the new escalators, when ready in December 2006, and the marketing campaigns that we have launched would be able to direct shopper traffic back to Wisma Atria basement again.

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"We are actively reviewing and fine-tuning the marketing campaigns launched earlier this month following the closure of the MRT linkway on 30 September to ensure that they stay effective. We remain optimistic about the prospects of Wisma Atria."

Macquarie Pacific Star had announced in August 2006 that MMP REIT will fund the costs of the new escalators at Wisma Atria and marketing and promotional measures through short-term borrowings. They are not expected to have a material impact on its gearing which stood at 29% (as at September 2006). The bulk of the costs will be capitalized or amortised over the period of the MRT linkway closure and thus, it is not expected that such costs will have a material impact on the distribution income or net asset value of MMP REIT for financial years ending 31 December 2006, 2007 and 2008.

The asset enhancement plans for Wisma Atria involve reconfiguring the trade mix to increase the proportion of higher paying rent tenants such as fashion, accessories, jewellery and watch retailers. An example is the restructuring of a 9,000 sq ft space previously occupied by IndoChine to make way for the Gap flagship store opening in December 2006. Macquarie Pacific Star expects to achieve the revised trade mix over time in the next few years given leases expire at different times.

In addition, the trade mix will be strengthened by differentiating each level of the mall according to the retail mix. The proportion of leases with base rent plus turnover rent continued to increase, standing at 44% at end September 2006 compared to 42% last quarter[5].

Gearing up for regional acquisitions

Macquarie Pacific Star announced on 12 October 2006 that it has beefed up its investment and asset management teams to intensify efforts in the target acquisition countries, most notably the tier one countries of China, Japan, Malaysia and Singapore.

Mr Heng said," The additional resources and revised team structure will help us respond more quickly and effectively to rapidly changing market conditions and opportunities. We are stepping up to build a regional asset management platform with the senior asset

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[5] By reference to net lettable area

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management resources committed by Macquarie. This would give us a strong competitive advantage in our regional acquisition efforts."

MMP REIT has delivered total distributions of 4.32 cents per unit for the nine months ended September 2006. 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 -

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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