

Media release

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**MMP REIT REPORTS RECORD QUARTERLY DPU,
UP 11.4% FROM IPO PROJECTION; NAV RISES 18.4%
ON HIGHER PROPERTY VALUATIONS**

Macquarie MEAG Prime REIT

HIGHLIGHTS

- 4Q 2006 DPU of 1.47 cents is the highest quarterly distribution, 2.1% up from 3Q 2006 and 11.4% more than IPO projection
- Valuation of properties rises 12.9% to S\$1,498 million; NAV per unit increases by 18.4% to S\$1.16
- 86,000 sq ft of below-market rentals of office expiries and Wisma Atria asset enhancements to drive existing portfolio growth in 2007

SINGAPORE, 23 January 2007 – Macquarie Pacific Star Prime REIT Management Limited (Macquarie Pacific Star), the Manager of SGX-listed Macquarie MEAG Prime Real Estate Investment Trust (MMP REIT), said today MMP REIT's fourth quarter (4Q 2006) Distribution Per Unit (DPU) is the highest so far, while an increase in the valuations of its properties raised Net Asset Value per unit (NAV) by 18.4%.

For the period 1 October to 31 December 2006, MMP REIT reported DPU of 1.47 cents, up 2.1% from last quarter and 11.4% higher than IPO projection.

The record distribution to Unitholders came on the back of higher net property income of S\$17.2 million, 2.7% better than the S\$16.7 million projected in the IPO prospectus. Gross revenue rose 2.0% to S\$22.6 million.

Overview of MMP REIT's financial results

Statement of total return (4Q 2006)	Actual	Projection¹	% Change
Gross revenue (S\$'000)	22,583	22,139	2.0%
Net property income (S\$'000)	17,191	16,743	2.7%
Distributable income (S\$'000)	13,974	12,534	11.5%
DPU (cents)	1.47	1.32	11.4%
Statement of total return (FY 2006)	Actual	Projection¹	% Change
Gross revenue (S\$'000)	89,876	87,833	2.3%
Net property income (S\$'000)	69,252	66,426	4.3%
Distributable income (S\$'000)	54,894	49,727	10.4%
DPU (cents)	5.79	5.25	10.3%
Annualized distribution yield (FY 2006)			
• Based on IPO price (S\$0.98 per unit)	5.91%	5.36% ²	
• Based on 22 January 2007 closing price (S\$1.16 per unit)	4.99%	4.53%	

Franklin Heng, Chief Executive Officer, Macquarie Pacific Star, said, "We are very pleased that MMP REIT has once again outperformed IPO projections to deliver increased returns to unitholders. The strong results in 4Q 2006 were largely attributable to higher rental income from Ngee Ann City and Wisma Atria properties, particularly the office portfolios.

¹ Figures derived from the year ended 31 December 2006 (Projection) as disclosed in the IPO prospectus. Figures for 4Q 2006 derived from pro-rating the Projection for that period

² Yield differs from IPO Projection of 5.35% due to mathematical rounding

“For the full year of 2006, we have delivered DPU of 5.79 cents, 10.3% higher than the 5.25 cents projected for the same period, and 3.4% better than 2005. Moreover, Unitholders will enjoy the highest quarterly distribution to date, notwithstanding earlier concerns over the impact of the temporary closure of the Orchard MRT linkway to Wisma Atria.”

After the temporary closure of the Orchard MRT linkway on 30 September 2006, shopper traffic at Wisma Atria dropped by 47% in October compared to September. However, shopper traffic quickly recovered in November with an 84% increase in December compared to November. This was due in particular to the new escalators being installed ahead of schedule in early December. The escalators, strategically located between the new GAP flagship store at Wisma Atria and the Orchard MRT station, provide direct access to the basement from the street level.

Mr Heng added: “We remain confident that the escalators, in addition to various marketing campaigns we put in place, will be able to direct more shopper traffic back to the mall, particularly to the basement. We will continue to monitor and review our initiatives to ensure that they remain effective.”

Overall, the office portfolio performed exceptionally well with occupancy reaching a new post IPO-high of close to 98% as at end December 2006 and recent leases being locked in above S\$8 psf/pm³. Retail portfolio occupancy remained strong at 100% as at end December 2006. The overall portfolio occupancy edged up to a new post IPO-high of 99.0% at end December 2006, reflecting buoyant demand amid tight supply.

NAV was S\$1.16 per unit as at 31 December 2006, an increase of 18.4% from S\$0.98 per unit as at 30 September 2006. The valuation of MMP REIT’s two properties increased by 12.9% from S\$1,327 million in December 2005 to S\$1,498 million as at 31 December 2006, resulting in a revaluation surplus of S\$171 million.

³ per square foot per month

Portfolio growth strategies

Commenting on the office strategy, Mr Heng said: “No surprise that the office sector is a star performer. We continue to be very upbeat in our outlook for this sector with strong demand and limited supply of good office space along Orchard Road continuing to drive growth.

“With about 86,000 square feet of office space expiring in 2007 at below market rents (average of S\$5 psf/pm), we expect MMP REIT to ride on the momentum of the office rental upswing.”

On the retail strategy, Mr Heng said the key was to reinforce Wisma Atria as a preferred fashion destination. The strategy includes ongoing efforts to reconfigure the mall’s trade mix with more fashion-related tenants, as well as strengthening the retail mix by level, introducing more step-rent structures, and increasing the turnover rent contribution.

The basement level’s “casual lifestyle” positioning will be enhanced by remixing tenancies. This will also complement Isetan Departmental Store’s recent upgrade and remix of their basement level, which will provide shoppers with a seamless shopping experience. A food and beverage unit on Level 1 will be sub-divided to increase the retail offerings on that floor and units on Level 2 will be reconfigured to create more shops with Orchard Road frontage. MMP REIT expects to reap incremental rent of about S\$1 million from the reconfiguration and tenancy remixing efforts at Wisma Atria in 2007.

The proportion of Wisma Atria retail leases with base rent plus turnover rent continued to increase, from 44% at end September 2006 to 47% at end December 2006⁴. Turnover rent accounted for 1.6% of Wisma Atria retail gross rental revenue in 2006. This is in line with MMP REIT’s strategy of maintaining a stable base rent and growing its revenue streams from higher retailer sales. More step-rent structures will also be introduced to deliver incremental base growth over the lease term.

⁴ By reference to net lettable area

Mr Heng commented 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's gearing was reduced from 28.8% at end September 2006 to 25.6% at end December 2006 due to the revaluation of its properties. Assuming a consolidated gearing of 45%, MMP REIT could potentially fund up to S\$530 million of acquisitions entirely with debt, without the need to raise fresh equity. Macquarie Pacific Star believes that an appropriate long term sustainable gearing level for MMP REIT would be 40-45%.

Mr Heng also noted that in 2007, higher office rentals, retail asset enhancements and repositioning, and regional acquisitions, are expected to drive MMP REIT's growth.

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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 was listed on the Mainboard of SGX on 20 September 2005.

*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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