Macquarie Pacific Star

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Macquarie MEAG Prime REIT

Macquarie MEAG Prime Real Estate Investment Trust
Financial Statements Announcement
For the Third Quarter Ended 30 September 2007

These financial statements for the quarter from 1 July 2007 to 30 September 2007 have not been audited or reviewed by our auditors.

Macquarie MEAG Prime Real Estate Investment Trust ("MMP REIT") is a real estate investment trust constituted by the Trust Deed entered into on 8 August 2005 (as amended and restated on 8 August 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 the 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").

On 30 May 2007, MMP REIT completed its acquisition of six properties in Tokyo, Japan, (Fund Creation Portfolio) for a total purchase price of Yen 8,727 million. The purchase price and acquisition costs of the Fund Creation Portfolio have been fully funded by debt.

On 28 August 2007, MMP REIT acquired Renhe Spring Department Store in Chengdu, China for a total purchase price of RMB 350 million.

On 26 September 2007, MMP REIT completed its acquisition of a seventh property in Tokyo, Japan, (Ebisu Fort property) for a total purchase price of Yen 5,700 million. Both acquisitions have been fully funded by debt.

SUMMARY OF MMP REIT RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

	Actual 01/01/07 to 30/09/07	Actual 01/01/06 to 30/09/06	Increase / (Decrease)
	S$'000	S$'000	%
Gross revenue	73,130	67,293	8.7%
Net property income	54,628	52,061	4.9%
Net income available for distribution	42,877	40,920	4.8%
	Cents per Unit		
Distribution per Unit ("DPU")			
For the quarter from 1 July 2007 to 30 September 2007	1.54	1.44	6.9%
For the nine months from 1 January 2007 to 30 September 2007	4.51	4.32	4.4%
Annualised (based on the three months ended 30 September 2007)	6.11	5.71	7.0%

DISTRIBUTION DETAILS

Distribution period	1 July 2007 to 30 September 2007
Distribution amount	1.54 cents per unit
Books closure date	7 November 2007
Payment date	30 November 2007

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

Consolidated Statement of Total Return for the Quarter ended 30 September 2007

	Notes	Actual 01/07/07 to 30/09/07 S$'000	Actual 01/07/06 to 30/09/06 S$'000	Increase / (Decrease) %	Actual 01/01/07 to 30/09/07 S$'000	Actual 01/01/06 to 30/09/06 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**26,119**	**22,425**	**16.5%**	**73,130**	**67,293**	**8.7%**
Maintenance and sinking fund contributions		(1,386)	(1,337)	3.7%	(4,075)	(4,011)	1.6%
Property Manager's fee	(b)	(713)	(673)	5.9%	(2,128)	(2,019)	5.4%
Property tax		(2,424)	(2,134)	13.6%	(6,715)	(6,433)	4.4%
Other property expenses	(c)	(2,162)	(876)	146.8%	(5,584)	(2,769)	101.7%
Property expenses		**(6,685)**	**(5,020)**	**33.2%**	(18,502)	**(15,232)**	**21.5%**
Net property income		**19,434**	**17,405**	**11.7%**	**54,628**	**52,061**	**4.9%**
Interest income		45	87	(48.3%)	182	257	(29.2%)
Accretion of tenancy deposit and retention sum stated at amortised cost	(d)	171	(148)	(215.5%)	117	(429)	(127.3%)
Goodwill payments	(e)	-	-	NM	(750)	-	NM
Management fees	(f)	(2,332)	(1,701)	37.1%	(6,268)	(5,047)	24.2%
Performance fee		-	-	NM	-	-	NM
Trust expenses	(g)	(464)	(486)	(4.5%)	(1,032)	(1,288)	(19.9%)
Borrowing costs	(h)	(4,347)	(3,378)	28.7%	(11,381)	(10,077)	12.9%
Non property expenses		**(6,927)**	**(5,626)**	**23.1%**	**(19,132)**	**(16,584)**	**15.4%**
Net income before tax		**12,507**	**11,779**	**6.2%**	**35,496**	**35,477**	**0.1%**
Change in fair value of derivative instruments - unrealised	(i)	(9,746)	-	NM	(8,456)	-	NM
Change in fair value of investment properties	(j)	-	-	NM	110,000	-	NM
Total return for the period before tax and distribution		**2,761**	**11,779**	**(76.6%)**	**137,040**	**35,477**	**286.3%**
Income tax expense	(k)	(217)	-	NM	(257)	-	NM
Total return for the period after tax, before distribution		**2,544**	**11,779**	**(78.4%)**	**136,783**	**35,477**	**285.6%**

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, new committed leases and revenue on new acquisitions.

(b) The Property Manager's fee is equal to 3% per annum of the gross revenue from the Singapore Properties and is in line with the higher gross revenue recorded.

(c) Other property expenses for the quarter are higher due to higher commission paid for new and renewal leases, which was transacted at higher rentals. Tenancy costs also increased arising from re-positioning of the tenant mix. In addition, as in previous quarters in 2007, there was a depreciation charge for the escalator installation linking the Wisma Atria basement level to Orchard Road level following the closure of the basement MRT Linkway on 30 September 2006.

(d) Accretion of tenancy deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39. The lower amount in 2007 is due to the shorter period of the average lease expiry compared to 2006.

(e) Goodwill payments were made to tenants for operating under the circumstances related to the closure of the Orchard MRT linkway to Wisma Atria on 30 September 2006. No goodwill payments were made in respect of the quarter ended 30 September 2007.

(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 lower trust expenses are due to lower professional fees incurred.

(h) Borrowing costs are higher due to debt financing of the Japanese and Chinese property acquisitions and include interest receivable and payable under the interest rate swaps and cross currency swap contracts.

(i) Represents the change in fair value on interest rate swaps, interest rate cap and cross currency swap which were entered into in relation to the Japanese property acquisition. The unrealized loss on the cross currency swaps is offset by an increase in value of the Japanese properties due to an improvement in foreign exchange rates.

(j) The Singapore properties were revalued to S$1,608.0 million by Cushman & Wakefield (S) Pte Ltd ("CW") as at 30 June 2007.

(k) Income tax expense includes withholding tax and deferred tax accrued in relation to the acquisition of Japanese and China properties.

NM – Not Meaningful

Distribution Statement - Group

	Notes	Actual 01/07/07 to 30/09/07 S$'000	Actual 01/07/06 to 30/09/06 S$'000	Actual 01/01/07 to 30/09/07 S$'000	Actual 01/01/06 to 30/09/06 S$'000
Total return after tax, before distribution		**2,544**	**11,779**	**136,783**	**35,477**
Non-tax deductible / (chargeable) items:					
Depreciation		412	-	1,175	-
Sinking fund contribution		292	292	875	875
Goodwill payments		-	-	750	-
Management fees paid / payable in units		1,238	1,020	3,599	3,028
Finance costs		228	193	604	579
Change in fair value of derivative instruments - unrealised		9,746	-	8,456	-
Change in fair value of investment properties		-	-	(110,000)	-
Other adjustments	(a)	158	385	635	961
Income available for distribution		**14,618**	**13,669**	**42,877**	**40,920**

Footnotes:

(a) Other adjustments include the Trustee's fee, non-deductible interest costs and deferred tax expense.

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

	Notes	Group 30/09/07 S$'000	Group 31/12/06 S$'000	Trust 30/09/07 S$'000	Trust 31/12/06 S$'000
Assets					
Investment properties	(a)	1,870,240	1,498,000	1,608,000	1,498,000
Investments in subsidiaries		-	-	227,688	-
Plant & machinery and renovations		3,013	3,431	2,929	3,431
Intangible assets	(b)	12,411	-	-	-
Trade and other receivables		11,129	4,201	7,426	4,201
Derivative financial instruments	(c)	2,110	-	1,441	-
Cash		45,441	20,122	24,245	20,122
Total assets		**1,944,344**	**1,525,754**	**1,871,729**	**1,525,754**
Liabilities					
Trade and other payables	(d)	(58,761)	(39,093)	(46,459)	(39,093)
Derivative financial instruments	(c)	(7,756)	-	(7,756)	-
Current tax payable		(319)	-	-	-
Deferred tax liability	(e)	(14,294)	-	-	-
Borrowings (net of transaction costs)	(f)	(661,488)	(388,200)	(616,541)	(388,200)
Total liabilities		**(742,618)**	**(427,293)**	**(670,756)**	**(427,293)**
Net assets attributable to unitholders		**1,201,726**	**1,098,461**	**1,200,973**	**1,098,461**

Footnotes:

(a) Investment properties have increased due to the revaluation of the Singapore properties as at 30 June 2007, the acquisition of Japanese properties on 30 May 2007 and 26 September 2007 and the acquisition of a property in China on 28 August 2007.

(b) Intangible asset represents goodwill on acquisition of Top Sure Investment Limited in August 2007. The company owns, through its wholly owned subsidiary, a retail property in Chengdu, China.

(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 Japanese and China properties.

(d) The increase in 2007 is mainly due to increase in security deposits, acquisition costs payable 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) The increase in the deferred tax liability is in respect of the investment property acquired in China and has been estimated on the basis of an asset sale at the original acquisition price. This amount will not be payable if the property were sold through a sale of shares in the holding company in Hong Kong.

(f) The increase in borrowings is due to bridging loans totalling S$160 million, a new revolving credit facility of S$60 million and a term loan of Yen 3.1 billion (S$40.1 million) used to fund the acquisition of investment properties in Japan and China.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 30/09/07 S$'000	Group 31/12/06 S$'000	Trust 30/09/07 S$'000	Trust 31/12/06 S$'000
Secured borrowings	(a)				
Amount repayable within one year		19,000	11,000	19,000	11,000
Amount repayable after one year		380,000	380,000	380,000	380,000
		399,000	**391,000**	**399,000**	**391,000**
Unsecured borrowings	(b)				
Amount repayable within one year		220,718	-	220,000	-
Amount repayable after one year		45,412	-	-	-
Total borrowings		**665,130**	**391,000**	**619,000**	**391,000**
Less: Unamortised borrowing costs		(3,642)	-	(2,459)	-
Total borrowings (net of transaction costs)		**661,488**	**391,000**	**616,541**	**391,000**

Footnotes:

(a) Secured
The Group has secured facilities of S$410 million comprising a S$380 million term loan facility with a tenor of 5 years (repayable on 20 September 2010), a revolving credit facility ("RCF") of S$30 million with a tenor of one year (and the lender's option to renew for a period of one year, subject to payment of a renewal fee). Currently, S$19 million outstanding under the RCF.

The facilities are secured on the following:
(i) A first legal mortgage on the Singapore properties;
(ii) A first fixed charge over the rental collection, current and fixed deposit accounts;
(iii) An assignment of MMP REIT'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 MMP REIT 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 31 March 2008, and an RCF of S$60 million for a tenor of one year (with an option to renew for a period of one year at the option of the lender)). Currently, the RCF facility has been fully drawn. In addition, the Group has a five-year bond facility of Yen 3.1 billion (S$40.1 million), which was used to part finance the acquisition of 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 (Japanese subsidiary). The Group also has a seven-year loan from Rendong Company, which was assumed as part of the acquisition of the property in China. The loan is interest-free, and is repayable in equal, annual instalments.

1(c) Consolidated cash flow statement

	Notes	Group Actual 01/07/07 to 30/09/07 S$'000	Group Actual 01/07/06 to 30/09/06 S$'000	Group Actual 01/01/07 to 30/09/07 S$'000	Group Actual 01/01/06 to 30/09/06 S$'000
Operating activities					
Total return for the period before tax		2,761	11,779	137,040	35,477
Adjustments for					
Interest income		(45)	(87)	(182)	(257)
Accretion of tenancy deposit and retention sum stated at amortised cost		(171)	148	(117)	429
Depreciation		412	-	1,175	-
Management fees paid / payable in units		1,238	1,020	3,599	3,028
Borrowing costs		4,347	3,378	11,381	10,077
Change in fair value of derivative instruments - unrealised		9,746	-	8,456	-
Change in fair value of investment properties		-	-	(110,000)	-
Operating income before working capital changes		18,288	16,238	51,352	48,754
Changes in working capital:					
Trade and other receivables		(3,009)	(238)	(4,056)	94
Trade and other payables		1,541	1,645	7,688	2,989
Cash generated from operating activities		**16,820**	**17,645**	**54,984**	**51,837**
Investing activities					
Net cash outflow on purchase of investment properties	(a)	(71,297)	-	(180,305)	-
Net cash outflow on acquisition of subsidiary (net of cash and cash equivalents acquired)	(b)	(59,657)	-	(59,657)	-
Purchase of plant and equipment		(193)	(1,075)	(701)	(1,075)
Interest received on deposits		53	(20)	145	180
Cash flows from investing activities		**(131,094)**	**(1,095)**	**(240,518)**	**(895)**
Financing activities					
Borrowing costs paid		(5,711)	(3,185)	(14,264)	(9,543)
Proceeds from borrowings		149,000	13,000	291,060	27,000
Repayment of borrowings		(2,000)	(12,000)	(24,000)	(31,000)
Distributions paid to unitholders		(14,254)	(13,627)	(42,149)	(42,157)
Cash flows from financing activities		**127,035**	**(15,812)**	**210,647**	**(55,700)**
Net increase / (decrease) in cash and cash equivalents		**12,761**	**738**	**25,113**	**(4,758)**
Cash and cash equivalents at the beginning of the period		32,354	19,983	20,122	25,479
Effects of exchange rate differences on cash		326	-	206	-
Cash and cash equivalents at the end of the period		**45,441**	**20,721**	**45,441**	**20,721**

Footnotes:

(a) Net cash outflow on purchase of investment properties (including acquisition costs) is set out below:

	Group Actual 01/07/07 to 30/09/07 S$'000	Group Actual 01/07/06 to 30/09/06 S$'000	Group Actual 01/01/07 to 30/09/07 S$'000	Group Actual 01/01/06 to 30/09/06 S$'000
Investment properties	71,297	-	181,256	-
Cash and cash equivalents	-	-	1,629	-
Trade and other payables	-	-	(1,629)	-
Cash consideration paid	71,297	-	181,256	-
Cash (acquired)	-	-	(1,629)	-
Acquisition costs paid	-	-	678	-
Net cash outflow on purchase of investment properties	**71,297**	**-**	**180,305**	**-**

(b) Net cash outflow on acquisition of subsidiary (net of cash and cash equivalents acquired) is set out below:

	Group Actual 01/07/07 to 30/09/07 S$'000	Group Actual 01/07/06 to 30/09/06 S$'000	Group Actual 01/01/07 to 30/09/07 S$'000	Group Actual 01/01/06 to 30/09/06 S$'000
Investment properties	70,636	-	70,636	-
Plant and equipment	56	-	56	-
Trade and other receivables	2,874	-	2,874	-
Cash and cash equivalents	4,184	-	4,184	-
Trade and other payables	(5,681)	-	(5,681)	-
Borrowings	(6,096)	-	(6,096)	-
Deferred tax liability	(14,543)	-	(14,543)	-
Net assets acquired	51,430	-	51,430	-
Goodwill on consolidation	12,411	-	12,411	-
Cash consideration paid	63,841	-	63,841	-
Cash (acquired)	(4,184)	-	(4,184)	-
Net cash outflow on acquisition of subsidiary (net of cash and cash equivalents acquired)	**59,657**	**-**	**59,657**	**-**

1(d) (i) Statement of movements in net assets attributable to unitholders Third Quarter

	Notes	Group 01/07/07 to 30/09/07 S$'000	Group 01/07/06 to 30/09/06 S$'000	Trust 01/07/07 to 30/09/07 S$'000	Trust 01/07/06 to 30/09/06 S$'000
Balance as at beginning of the period		1,205,970	928,666	1,205,696	928,666
Operations					
Total return for the period after tax	(a)	2,544	11,779	8,293	11,779
Net increase in net assets resulting from operations		**2,544**	**11,779**	**8,293**	**11,779**
Translation transactions					
Foreign currency translation reserve movement for the period	(b)	6,228	-	-	-
Unitholders' transactions					
Management fees paid in units		-	-	-	-
Management fees payable in units to be issued	(c)	1,238	1,020	1,238	1,020
Distribution to unitholders		(14,254)	(13,627)	(14,254)	(13,627)
Net decrease in net assets resulting from Unitholders' transactions		**(13,016)**	**(12,607)**	**(13,016)**	**(12,607)**
Balance as at end of the period		**1,201,726**	**927,838**	**1,200,973**	**927,838**

Footnotes:

(a) Total return for the period after tax for the third quarter to 30 September 2007 includes the change in fair value of derivative financial 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 investment in the foreign entities.

(c) There are 999,089 units to be issued to the Manager by 31 October 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 September 2007.

1(d) (i) Statement of movements in net assets attributable to unitholders Year to date

	Notes	Group 01/01/07 to 30/09/07 S$'000	Group 01/01/06 to 30/09/06 S$'000	Trust 01/01/07 to 30/09/07 S$'000	Trust 01/01/06 to 30/09/06 S$'000
Balance as at beginning of the period		1,098,461	931,490	1,098,461	931,490
Operations					
Total return for the period after tax	(a)	136,783	35,477	141,062	35,477
Net increase in net assets resulting from operations		**136,783**	**35,477**	**141,062**	**35,477**
Translation transactions					
Foreign currency translation reserve movement for the period	(b)	5,032	-	-	-
Unitholders' transactions					
Management fees paid in units		2,361	2,008	2,361	2,008
Management fees payable in units to be issued	(c)	1,238	1,020	1,238	1,020
Distribution to unitholders		(42,149)	(42,157)	(42,149)	(42,157)
Net decrease in net assets resulting from Unitholders' transactions		**(38,550)**	**(39,129)**	**(38,550)**	**(39,129)**
Balance as at end of the period		**1,201,726**	**927,838**	**1,200,973**	**927,838**

Footnotes:

(a) For the year-to-date period ending 30 September 2007 includes the revaluation increment on Singapore properties of S$110 million and change in fair value of derivative financial 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 investment in the foreign entities.

(c) There are 999,089 units to be issued to the Manager by 31 October 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 September 2007.

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

	Notes	Actual 01/07/07 to 30/09/07 Units	Actual 01/07/06 to 30/09/06 Units	Actual 01/01/07 to 30/09/07 Units	Actual 01/01/06 to 30/09/06 Units
Issued units at the beginning of the period		949,283,592	945,243,384	947,375,680	943,000,000
Management fees issued in units (base fee)		996,371	1,086,877	2,823,322	3,330,261
Management fees issued in units (performance fee)		-	-	80,961	-
Issued units at the end of the period		950,279,963	946,330,261	950,279,963	946,330,261
Management fees payable in units to be issued (base fee)	(a)	999,089	1,080,170	999,089	1,080,170
Management fees payable in units (performance fee)	(b)	-	414,448	-	414,448
Total issued and issuable units at the end of the period		**951,279,052**	**947,824,879**	**951,279,052**	**947,824,879**

Footnotes:

(a) The management fees payable in units comprise 999,089 units to be issued to the Manager by 31 October 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 September 2007.

(b) There is no performance fee for the third quarter ended 30 September 2007 as performance is below the benchmark index.

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	Actual 01/07/07 to 30/09/07	Actual 01/01/07 to 30/09/07
Weighted average number of units	(a)	949,976,749	949,049,853
Earnings per unit for the period based on the weighted average number of units in issue (cents)		0.27	14.41
Number of units issued and issuable at end of period		951,279,052	951,279,052
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	(b)	1.54	4.51
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)		1.54	4.51

Footnotes:

(a) The actual weighted average number of units used for computation of EPU for the period from 1 July 2007 to 30 September 2007 is 949,976,749. This number comprises:

(i) Weighted average number of units in issue of 949,965,889; and

(ii) Weighted average number of units issuable to the Manager of 10,860.

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

(i) The number of units in issue as at 30 September 2007 of 950,279,963;

(ii) The units issuable to the Manager as full satisfaction of management fee incurred for the period from 1 July 2007 to 30 September 2007 of 999,089.

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

	Notes	Group 30/09/07	Trust 30/09/07	Group 31/12/06	Trust 31/12/06
Net asset value per unit (S$)	(a)	1.26	1.26	1.16	1.16

Footnotes:

(a) The number of units used for computation of NAV per unit is 951,279,052. This comprises:

(i) The number of units in issue as at 30 September 2007 of 950,279,963;

(ii) The units issuable to the Manager as full satisfaction of management fee (base fee) incurred for the quarter ended 30 September 2007 of 999,089.

The net asset value per unit for the Group at 30 September 2007 excluding the deferred tax liability is $1.28.

8 Review of the performance

Consolidated Statement of Total Return and Distribution

Consolidated Statement of Total Return for the Quarter ended 30 September 2007

	Actual 01/07/07 to 30/09/07 S$'000	Actual 01/07/06 to 30/09/06 S$'000	Increase / (Decrease) %	Actual 01/01/07 to 30/09/07 S$'000	Actual 01/01/06 to 30/09/06 S$'000	Increase / (Decrease) %
Gross revenue	**26,119**	22,425	16.5%	**73,130**	67,293	8.7%
Property expenses	(6,685)	(5,020)	33.2%	(18,502)	(15,232)	21.5%
Net property income	**19,434**	17,405	11.7%	**54,628**	52,061	4.9%
Non property expenses	(6,927)	(5,626)	23.1%	(19,132)	(16,584)	15.4%
Net income before tax	**12,507**	11,779	6.2%	**35,496**	35,477	0.1%
Change in fair value of derivative instruments - unrealised	(9,746)	-	NM	(8,456)	-	NM
Change in fair value of investment properties	-	-	NM	110,000	-	NM
Total return before tax	**2,761**	11,779	(76.6%)	**137,040**	35,477	286.3%
Income tax expense	(217)	-	NM	(257)	-	NM
Total return after tax	**2,544**	11,779	(78.4%)	**136,783**	35,477	285.6%
Non tax deductible / chargeable items and other adjustments	12,074	1,890	538.8%	(93,906)	5,443	(1825.3%)
Net income available for distribution	**14,618**	13,669	6.9%	**42,877**	40,920	4.8%

Gross revenue was higher in the current quarter due mainly to higher rental rates achieved for renewals, new committed leases and revenue from the new acquisitions. Property expenses were also higher due to increase in commission for new and renewal leases, and tenancy costs. The non-property expenses were higher due to depreciation charges for the installation of the escalators at Wisma Atria.

The unrealized loss on the derivative instruments for the current quarter of S$9.7 million represent the change in fair value on interest rate swaps, interest rate cap and cross currency swap which were entered into in relation to the Japanese property acquisition. The unrealized loss on the cross currency swaps is offset by an increase in value of the Japanese properties due to an improvement in foreign exchange rates.

Net income before tax for the current quarter was S$12.5 million, 6.2% above Q3 2006 net income. However as some of the additional expenses incurred were not tax deductible, this has resulted in an overall increase in net distributable income by 6.9%.

9 Variance between forecast and the actual results

MMP REIT has not disclosed any forecast to the market.

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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)]

Demand for office space remained broad-based in the third quarter, with majority of the demand continuing to be from the financial and banking sector, in spite of recent uncertainties in the financial markets. Prime office rent averaged S$12.60 psf/ month, a 16.7% increase quarter-on-quarter and a 82.6% increase year-on-year. Prime rents have exceeded the historical peak of S$11.50 psf/ month in 1990. While the government has injected more office sites for sale, there is a time lag before more future supply of prime office space come on the market. Going forward, the prospects of the office market remains positive. It is anticipated that there office rentals will see a modest rental growth, in the light of increasing tenant resistance to rental hikes.

On the retail front, the Great Singapore Sale and a rush by consumers to beat the 2% GST hike introduced in July 2007 boosted retail sales to about S$3 billion in June. The retail sales index, excluding motor vehicles, grew19.4% year-on-year in June and 10.4% year-on-year in the second quarter of 2007. Retail sales indices for watches and jewellery, furniture and household equipment, recreational goods, telecommunications apparatus and computers registered increases of between 21.3% and 48.4%. According to CB Richard Ellis, malls in Orchard Road saw average prime rents climb 0.6% to S$34.60 psf/ month. The last quarter saw the closure of Specialists' Shopping Centre to make way for a new development. In the next year, some 17,000 sq ft in Ngee Ann City, presently occupied by the library, will be vacated to make way for smaller, new retail outlets at potentiall higher rental rates.

In anticipation of the growth in tourist arrivals, foreign brands are aiming to establish their presence in Singapore by setting up flagship stores, even as the number of small concept stores is increasing. Demand for larger space formats and smaller shop units continue to grow in tandem.

Japan [(2)]

After many years of continuous decline, the land price trend began to reverse from early 2006. Based on the annual land report released on September 20, 2007 by the Land, Infrastructure and Transport Ministry, commercial land prices rose by an average of 1.0% across the nation in July 2007. In the city of Tokyo, the average commercial land prices of 23 districts increased dramatically by 20.0% compared to last year. In some districts such as Minato and Shibuya, the commercial land price jumped by 23.2% and 29.3% respectively. Land prices are still way off the peaks that were hit in 1992.

Chengdu, China [(3)]

Chengdu's economy has been growing strongly and steadily over the past few years, averaging a GDP growth rate of 15.5% per annum between 2000 and 2006. This robust growth is on the back of sustained development of local commerce, financial and industrial sectors; strong local technological and R&D capabilities; and the buoyancy of the stock market in China. Corresponding to this economic success, the Chengdu property market saw an upsurge of transaction activity, with yields strengthening across all sectors and rents growing during the first half of 2007.

Sources

(1) CB Richard Ellis Singapore Market View, Third Quarter 2007

(2) Jones Lang LaSalle, Tokyo Market Overview, 26 September 2007

(3) PR Web Newswire - CB Richard Ellis States Chengdu Office Market ContinuesTo Witness Upward Trend In Rentals And Price, 24 August 2007

Outlook for the financial year ending 31 December 2007

The Manager expects MMP REIT to benefit from proactive strategies in the management of the assets, the current tight office leasing market in Singapore and continuing economic growth in FY 2007.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes
Name of distribution:	Third quarter distribution for the period from 1 July 2007 to 30 September 2007.
Distribution rate:	1.54 cents per unit
Distribution type:	

Type	Cents
Taxable income component	1.49
Capital component	0.05
Total	**1.54**

Par value of units: NA

Tax rate: Taxable income component

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).

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 MMP REIT where the income from the underlying properties located overseas has not been received as income by MMP REIT. This distribution comprises net income from the overseas properties which has not been declared and paid as dividends by the subsidiaries to MMP REIT in the current distribution period. 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. No tax will be deducted at source from this component.

(b) Corresponding period of the immediately preceding financial period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Third quarter distribution for the period from 1 July 2006 to 30 September 2006.

Distribution type:	Taxable income
Distribution rate:	1.44 cents per unit
Par value of units:	NA
Tax rate:	These distributions are made out of MMP REIT'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 November 2007

(d) Books Closure Date: 7 November 2007

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 30 September 2007 and the results of for the nine months ended on that date, to be false or misleading.

On behalf of the Board

Stephen Girdis Chairman	Franklin Heng Chief Executive Officer/Director

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, 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

Christine M. Chan
Company Secretary
30 October 2007