

Media release by: Macquarie Pacific Star Prime REIT Management Limited (Macquarie Pacific Star)

Manager of: Macquarie Prime Real Estate Investment Trust (MP REIT)

Embargoed from release until after 5.00pm

MP REIT REPORTS 15.6% INCREASE IN 3Q 2008 DPU

HIGHLIGHTS

- 3Q 2008 DPU of 1.78 cents achieved, 15.6% higher than 3Q 2007
- Singapore properties continue to demonstrate strong performance
- S\$220 million of loans refinanced during the quarter at competitive rates
- Strategic review concluded; to assess and implement new strategic initiatives with new sponsor, YTL Corp

SINGAPORE, 29 October 2008 – Macquarie Pacific Star, the Manager of MP REIT - the S-REIT with the largest presence in Orchard Road – today announced that MP REIT's third quarter (3Q 2008) distributable income was S\$17.2 million. Distribution Per Unit (DPU) for the period 1 July to 30 September 2008 was 1.78 cents, 15.6% higher compared to the 1.54 cents achieved for the previous corresponding period. On an annualised basis, the latest distribution represents a yield of 8.58%.¹

Gross revenue was S\$32.6 million, or 24.8% higher than that of S\$26.1 million in 3Q 2007, driven by higher rental rates achieved for renewals, new committed leases and revenue from the overseas properties. Net property income was higher at S\$23.6 million, an increase of 21.7% over 3Q 2007.

¹ Based on last traded unit price of S\$0.825 on 30 September 2008.

Overview of MP REIT's financial results

Statement of total return	3Q 2008	3Q 2007	% Change
Gross revenue (S\$ million)	32.6	26.1	24.8
Net property income (S\$ million)	23.6	19.4	21.7
Distributable income (S\$ million)	17.2	14.6	17.6
DPU (cents)	1.78	1.54	15.6
Annualised DPU (cents)	7.08	6.11	15.9

Mr Stephen Girdis, Chairman of Macquarie Pacific Star, said, "The rental income continued to be strong in 3Q 2008, despite the current challenging market."

Mr Franklin Heng, Chief Executive Officer of Macquarie Pacific Star, said, "DPU of 1.78 cents per unit for 3Q 2008, is 15.6% higher than the 1.54 cents paid in 3Q 2007. The supply of new office space in Orchard Road in the next few years is limited. We expect to still reap some rent reversions from office leases that are expiring in the next year. On top of the opening of the new beauty and wellness precinct on Ngee Ann City Level 5 in September, we are stepping up our tenancy remix efforts at Wisma Atria, to enjoy the full benefits of an anticipated surge in shopper traffic when the MRT linkway to Wisma Atria is widened and reopened next year."

MP REIT announced on 28 October 2008 that YTL Corporation ("YTL Corp") has entered into a Sale and Purchase Agreement to acquire Macquarie Group's 26% stake in MP REIT and 50% stake in the holding company of Macquarie Pacific Star. Due to the increasingly challenging market environment and execution risks encountered during the strategic review period, no firm offer to acquire 100% of MP REIT units or its investments was received. In light of the above, MP REIT's strategic review has concluded. Macquarie Pacific Star looks forward to working together with the new sponsor, YTL Corp, in the interests of Unitholders, in assessing and implementing the new strategic initiatives available to MP REIT.

Active Capital Management

MP REIT refinanced S\$220 million through a club deal with three foreign banks in August 2008. Mr Heng added, "Our refinancing of S\$220 million at competitive rates in August 2008 was timely, given the escalating credit crunch."

As at 30 September 2008, the weighted average effective interest rate for MP REIT is 3.05% p.a., as compared to 2.76% at 30 June 2008. With this refinancing, MP REIT will have no substantial refinancing requirements until September 2010. As at 30 September 2008, MP REIT's gearing level is 28.9% and approximately 89.4% of MP REIT's borrowings have been fixed.

Update on Singapore portfolio

MP REIT's Singapore portfolio contributed 83.1% of total gross revenue, or S\$27.1 million in 3Q 2008. This is an increase of 14.0% over the corresponding period in 2007. The Singapore portfolio's Net Property Income for 3Q 2008 was S\$20.0 million, 13.1% higher than in 3Q 2007.

In 3Q 2008, 31,892 sq ft of office space were renewed or leased. Average rental renewal rates for office space saw a growth of 138%. This excludes a lease for 20,600 sq ft of office space which provided a rental cap of 20% increase. MP REIT's Singapore office portfolio has an evenly distributed expiry profile. In 2009, about 70,800 sq ft of office space, or 29.5% of the total Singapore total office portfolio, at an average rent of S\$7.60 per sq ft, will be up for renewal. Office occupancy at Ngee Ann City was 98.2%, and was 84.7% in Wisma Atria, due mainly to the relocation and down-sizing of MP REIT's property manager's office to Ngee Ann City. The unit, which was previously provided rent-free to the property manager, has been reconfigured into a number of smaller units and active negotiations are in progress with interested parties.

As at end September 2008, retail occupancy at Ngee Ann City and Wisma Atria remained high at 99.6% and 95.3% respectively. The bulk of tenants at the new beauty and wellness precinct on Level 5 at Ngee Ann City commenced operations in September 2008. Year-to-date, shopper traffic to Wisma Atria fell 7%, in tandem with a corresponding fall in

tourist arrivals and in part due to disruptions caused by construction activity around the property. However, year-to-date centre sales were largely in line with 2007 levels.

Update on Japan portfolio

In Q3 2008, MP REIT's Japan portfolio contributed 6.7%, or S\$2.2 million to MP REIT's gross revenue. Five of the seven properties in the portfolio enjoyed 100% occupancy, except for Roppongi Primo (86%) and Daikanyama (88%), for which rental of the vacant space is guaranteed by the master lessee. The Manager is closely monitoring the performance of the Japanese assets in light of the deteriorating economic conditions and challenging debt refinancing for real estate companies in Japan.

Update on Chengdu property

As at September 2008, the Renhe Spring Department Store in Chengdu enjoyed 100% occupancy. The department store achieved year-to-date sales that were 16.6% higher than that in the corresponding period in 2007. Sales at the store hit a new high of RMB19 million in the week of 8 September 2008 against last year's peak of RMB11 million, as a result of heightened promotional activities held to commemorate the store's 10th anniversary.

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About Macquarie Prime REIT

Macquarie Prime REIT (MP REIT) is a Singapore-based real estate investment trust (REIT) investing primarily in real estate used for retail and office purposes, both in Singapore and overseas. Listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 20 September 2005, MP REIT owns two landmark properties on Orchard Road, Singapore's premier shopping and tourist precinct. Its initial portfolio included a 74.23% strata title interest in Wisma Atria and a 27.23% strata title interest in Ngee Ann City.

In 2007, MP REIT enlarged its asset base and geographical footprint with the acquisition of seven properties in the prime areas of Roppongi, Shibuya-ku, Minato-ku and Meguro-ku in Tokyo, Japan and a premier retail property in Chengdu, China. MP REIT's portfolio now comprises 10 properties in the three countries, valued at about S\$2.2 billion. MP REIT remains focused on sourcing property assets in Asia, while driving organic growth from its existing portfolio, through proactive leasing efforts and creative asset enhancements.

*MP REIT is managed by an external manager, **Macquarie Pacific Star Prime REIT Management Limited**. Visit MP REIT's website at www.mpreit.com.sg for more details.*

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This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of MP REIT is not necessarily indicative of the future performance of MP REIT.

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