

**Macquarie MEAG Prime Real Estate Investment Trust  
Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

These financial statements for the first quarter ended 31 March 2006 have not been audited but have been 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 on 8 August 2005 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 Singapore Exchange Securities Trading Limited on 20 September 2005.

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 Properties").

Where appropriate, comparisons are made against proforma figures or prorated projection figures for the financial year ending 31 December 2006 as disclosed in the prospectus for the initial public offering of MMP REIT dated 13 September 2005 ("the Prospectus") for the quarter from 1 January 2006 to 31 March 2006 (the "Proforma" or the "Projection"). Proforma figures have been compiled based upon the unaudited financial statements of Aspinden Holdings Limited and Orchard Square Properties Private Limited after making certain assumptions and adjustments.

Unless otherwise stated, all capitalised terms used in this announcement shall have the same meaning as the Prospectus.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

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

**Statement of Total Return for the Quarter ended 31 March 2006**

	Notes	Actual 01/01/06 to 31/03/06 S\$'000	Proforma 01/01/05 to 31/03/05 Note (a) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	(b)	<b>22,464</b>	<b>20,974</b>	<b>7%</b>
Maintenance and sinking fund contributions		(1,337)	(1,314)	2%
Property Manager's fee	(c)	(674)	(629)	7%
Property tax	(d)	(2,147)	(2,098)	2%
Other property expenses	(e)	(990)	(1,262)	(22%)
<b>Property expenses</b>		<b>(5,148)</b>	<b>(5,303)</b>	<b>(3%)</b>
<b>Net property income</b>		<b>17,316</b>	<b>15,671</b>	<b>10%</b>
Interest income		88	4	NM
Accretion of tenancy deposit and retention sum stated at amortised cost	(f)	(273)	-	NM
Management fees	(g)	(1,666)	(1,607)	4%
Trust expenses	(h)	(382)	(518)	(26%)
Borrowing costs	(i)	(3,352)	(3,503)	(4%)
<b>Non property expenses</b>		<b>(5,585)</b>	<b>(5,624)</b>	<b>(1%)</b>
<b>Net income before tax</b>		<b>11,731</b>	<b>10,047</b>	<b>17%</b>
<b>Income tax expense</b>		-	-	-
<b>Net income after tax</b>		<b>11,731</b>	<b>10,047</b>	<b>17%</b>

**Footnotes:**

*NM - Not meaningful*

- (a) The proforma figures have been compiled based upon the unaudited financial statements of Aspinden Holdings Limited and Orchard Square Properties Private Limited after making certain assumptions and adjustments.
- Although MMP REIT was constituted on 8 August 2005, the acquisition of properties was only completed on 20 September 2005 and it was officially listed on Singapore Exchange Securities Trading Limited on 20 September 2005. Consequently, there was no actual income derived from the Properties for the corresponding preceding quarter from 1 January 2005 to 31 March 2005.
- (b) Gross revenue comprises gross rent and other revenue earned from the Properties, including turnover rent. The increase in gross revenue is mainly attributed to higher rental rates achieved for renewals and new committed leases and improvement in the occupancy rates.
- (c) The Property Manager's fee is equal to 3% per annum of the gross revenue and is in line with the higher gross revenue recorded.
- (d) The increase in property tax is due to higher assessable annual values arising from improved rental revenues.
- (e) The lower other property expenses is mainly due to lower spending incurred on the upkeep of the Properties and lower commission paid to secure new tenants.
- (f) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39.
- (g) The 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 fees is due to the increase in the value of the Trust Property.
- (h) The lower trust expense is due to lower professional fees incurred.
- (i) The lower borrowing costs incurred is due to lower interest rates and the partial repayment of the short term loan.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

**Distribution Statement**

Notes	Actual 01/01/06 to 31/03/06 Note (a) S\$'000
<b>Net income before tax</b>	<b>11,731</b>
Non-tax deductible / (chargeable) items:	
Amortisation of transaction costs	193
Management fees payable in units	1,000
Non-tax deductible interest expense	58
Other adjustments (b)	364
Accretion of tenancy deposit and retention sum stated at amortised cost (c)	273
	<b>13,619</b>

**Footnotes:**

- (a) No comparative distribution statement has been presented as MMP REIT was formed on 8 August 2005 (date of constitution). The first financial period was from 8 August 2005 to 31 December 2005.
- (b) Other adjustments include Trustee's fee and sinking fund contributions.
- (c) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with FRS 39.

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

		Actual 31/03/06 S\$'000	Actual 31/12/05 S\$'000
<b>Assets</b>	Notes		
Investment properties	(a)	1,327,000	1,327,000
Trade and other receivables		668	1,052
Cash		19,515	25,479
<b>Total assets</b>		<b>1,347,183</b>	<b>1,353,531</b>
<b>Liabilities</b>			
Trade and other payables	(b)	(33,330)	(32,684)
Borrowings (net of transaction costs)		(384,550)	(389,357)
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>(417,880)</b>	<b>(422,041)</b>
<b>Net assets attributable to unitholders</b>		<b>929,303</b>	<b>931,490</b>

**Footnotes**

- (a) The investment properties were valued by JLL at \$1,327million on 31 December 2005.
- (b) Includes an amount of \$13.7 million which forms part of the consideration for the investment properties retained under the sales & purchase agreement.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

**1 (b)(ii) Aggregate amount of borrowings**

	Notes	Actual 31/03/06 S\$'000	Actual 31/12/05 S\$'000
<b>Secured borrowings</b>	(a)		
Amount repayable within one year		8,000	13,000
Amount repayable after one year		380,000	380,000
		<b>388,000</b>	<b>393,000</b>

**Footnotes**

- (a) MMP REIT has in place secured facilities of \$420 million comprising \$380 million term loan facility for a tenor of 5 years and a revolving credit facility ("RCF") for a tenor of one year (with an option to renew for a period of one year at the option of MMP REIT and subject to payment of renewal fee.) The term loan is repayable after 5 years from 20 September 2005. Currently there is an amount of \$8 million outstanding under the RCF.

The facilities are secured on the following:

- A first legal mortgage on the investment properties;
- A first fixed charge over the rental collection, current and fixed deposit accounts;
- An assignment of MMP REIT's rights, title and interest in the property management agreement in relation to the investment properties;
- An assignment of MMP REIT's rights, title and interest in the tenancy documents and proceeds in connection with the investment properties;

- An assignment of MMP REIT's rights, title and interest in the insurance policies in relation to the investment properties; and

- A fixed and floating charge over the assets of MMP REIT in relation to the investment properties, agreements and collateral, as required by the financial institution granting the facilities.

**1 (c) Cash flow statement**

	Notes	Actual 01/01/06 to 31/03/06 Note (a) S\$'000
<b>Operating activities</b>		
Net income before tax		11,731
<b>Adjustments for</b>		
Interest income		(88)
Accretion of tenancy deposit and retention sum stated at amortised cost	(b)	273
Borrowing costs		3,352
Management fees payable in units		1,000
Operating income before working capital changes		16,268
Changes in working capital		
Trade and other receivables		355
Trade and other payables		379
<b>Cash generated from operating activities</b>		<b>17,002</b>
<b>Investing activities</b>		
Interest received		117
<b>Cash flows from investing activities</b>		<b>117</b>
<b>Financing activities</b>		
Borrowing costs paid		(3,165)
Repayment of borrowings		(5,000)
Distributions paid to unitholders		(14,918)
<b>Cash flows from financing activities</b>		<b>(23,083)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,964)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>25,479</b>
<b>Cash and cash equivalents at end of the period</b>		<b>19,515</b>

**Footnotes**

- (a) There was no comparative cash flow statement as at 31 March 2005 as MMP REIT was formed on 8 August 2005 (date of constitution). The first financial period was from 8 August 2005 to 31 December 2005.
- (b) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with FRS 39.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

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

	Notes	Actual 01/01/06 to 31/03/06 Note (a) S\$'000
<b>Balance as at beginning of period</b>		931,490
<b>Operations</b>		
Net income after tax		11,731
<b>Net increase in net assets resulting from operations</b>		<b>11,731</b>
<b>Unitholders' transactions</b>		
Units to be issued		
- Management fees payable in units (base fee)	(b)	1,000
Distribution to unitholders		(14,918)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(13,918)</b>
<b>Balance as at end of period</b>		<b>929,303</b>

**Footnotes**

- (a) Prior period comparatives as at 31 March 2005 are not available as MMP REIT was constituted on 8 August 2005 (date of constitution) and was listed on the Singapore Exchange Securities Trading Limited only on 20 September 2005. The first financial period was from 8 August 2005 to 31 December 2005.
- (b) These are the 1,050,044 units to be issued to the Manager by 30 April 2006 as partial satisfaction of the base fee element of the management fee incurred for the quarter ended 31 March 2006.

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

	Notes	Actual 01/01/06 to 31/03/06 Units
<b>Issued units at the beginning of the period</b>		943,000,000
Management fees issued in units		1,197,624
Issued units at the end of the period		944,197,624
Units to be issued		
Management fees payable in units (performance fee)	(a)	414,448
Management fees payable in units (base fee)	(b)	1,050,044
<b>Total issued and issuable units at the end of the period</b>		<b>945,662,116</b>

**Footnotes**

- (a) The Manager is entitled to a Performance Fee where the accumulated return of the Trust Index in any Half-Year exceeds the accumulated return of the Benchmark Index. The Manager has elected to receive the Performance Fee in units, for the period and year ending 2005 and 2006 respectively. The Performance Fee is calculated in two tiers. For the prior period ended 31 December 2005, the Manager was entitled to only the tier 1 Performance Fee of 414,448 units. The units are deferred and will be issued in the first succeeding half year when the trust return is positive (closing Trust Index is higher than the opening Trust Index). These deferred units are not entitled to distribution of income for the quarter ended 31 March 2006. There is no Performance fee for the first quarter ended 31 March 2006 as Performance Fee is calculated on a Half-Year basis.
- (b) These are the 1,050,044 units to be issued to the Manager by 30 April 2006 as partial satisfaction of the base fee element of the management fee incurred for the quarter ended 31 March 2006.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

- 2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**  
The figures have not been audited but have been reviewed by the auditors in accordance with the Singapore Statements of Auditing Practice 11 "Review of Interim Financial Information".
- 3 **Where the figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)**  
Please see the attached review report.
- 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 **Earnings per unit ('EPU') and distribution per unit ('DPU') for the financial period**

	Actual 01/01/06 to 31/03/06	Projection 01/01/06 to 31/03/06 Note (c)
Notes		
Weighted average number of units (a)	944,623,739	
Earnings per unit for the period based on the weighted average number of units in issue (cents)	1.24	
Number of units issued and issuable at end of period excluding performance fee units	945,247,668	
Distribution per unit for the period based on the total number of units entitled to distribution excluding performance fee units (cents) (b)	1.44	1.29
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)	1.44	NA

**Footnotes**

- (a) The actual weighted average number of units used for computation of EPU for the period from 1 January 2006 to 31 March 2006 is 944,623,739. This comprises:
- (i) Weighted average number of units in issue of 944,197,624; and
- (ii) Weighted average number of units issuable to the Manager as partial satisfaction of management fees for the period from 8 August 2005 to 31 March 2006 of 426,115.
- (b) The computation of actual DPU is based on number of units entitled for distributions comprising:
- (i) The number of units in issue as at 31 March 2006 of 944,197,624 and
- (ii) The units issuable to the Manager as partial satisfaction of management fee incurred for the quarter ended 31 March 2006 of 1,050,044.
- (c) The figures shown are pro-rated from the Projection as disclosed in the Prospectus.

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

	Actual 31/03/06	Actual 31/12/05
Notes		
Net asset value per unit (S\$) (a)	0.98	0.99

**Footnotes**

- (a) The number of units used for computation of actual NAV per unit is 945,662,116. This comprises:
- (i) The number of units in issue as at 31 March 2006 of 944,197,624;
- (ii) The units issuable to the Manager as partial satisfaction of management fee incurred (performance fee) for the period from 8 August 2005 to 31 December 2005 of 414,448.
- (iii) The units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for the quarter ended 31 March 2006 of 1,050,044.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

**8 Review of the performance**

Please refer to section 9 below on the review of actual performance against the prorated Projection stated in the Prospectus for the quarter ended 31 March 2006 .

**9 (a) Statement of Total Return and Distribution**

**Statement of Total Return for the Quarter ended 31 March 2006**

	Notes	Actual 01/01/06 to 31/03/06 S\$'000	Projection 01/01/06 to 31/03/06 Note (a) S\$'000	Increase / (Decrease) %
<b>Gross revenue</b>	(b)	<b>22,464</b>	<b>21,657</b>	<b>4%</b>
Maintenance and sinking fund contributions		(1,337)	(1,325)	1%
Property Manager's fee	(c)	(674)	(649)	4%
Property tax		(2,147)	(2,130)	1%
Other property expenses	(d)	(990)	(1,174)	(16%)
<b>Property expenses</b>		<b>(5,148)</b>	<b>(5,278)</b>	<b>(2%)</b>
<b>Net property income</b>		<b>17,316</b>	<b>16,379</b>	<b>6%</b>
Interest income		88	4	NM
Accretion of tenancy deposit and retention sum stated at amortised cost	(e)	(273)	-	NM
Management fees	(f)	(1,666)	(1,620)	3%
Trust expenses	(h)	(382)	(536)	(29%)
Borrowing costs	(i)	(3,352)	(3,523)	(5%)
<b>Non property expenses</b>		<b>(5,585)</b>	<b>(5,675)</b>	<b>(2%)</b>
<b>Net income before tax</b>		<b>11,731</b>	<b>10,704</b>	<b>10%</b>
Income tax expense		-	-	
<b>Net income after tax</b>		<b>11,731</b>	<b>10,704</b>	<b>10%</b>

**Footnotes**

*NM-Not meaningful*

- (a) The Projection figures are derived by prorating the Projection for year ending 31 December 2006 disclosed in the Prospectus for the period from 1 January 2006 to 31 March 2006.
- (b) Gross revenue comprises gross rent and other revenue earned from the Properties, including turnover rent. The higher gross revenue as compared to the Projection is mainly attributed to higher rental rates achieved for renewals and new committed leases.
- (c) The Property Manager's fee is equal to 3% per annum of the gross revenue and is in line with the higher actual gross revenue recorded.
- (d) Actual other property expenses incurred is lower due mainly to lower spending for leasing and upkeep of properties.
- (e) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with FRS 39.
- (f) The management fee consist of the base fee, which is calculated based on 0.5% per annum of the value of the Trust Property (as defined in the Trust Deed). The higher fees are due to increase in value of the Trust Property.
- (h) The lower trust expense is due to lower professional fees incurred.
- (i) The lower borrowing costs incurred is due to lower interest rates and the partial repayment of the short term loan.

**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

**Distribution Statement for the quarter ended 31 March 2006**

	Notes	Actual 01/01/06 to 31/03/06	Projection 01/01/06 to 31/03/06 Note (a)
		S\$'000	S\$'000
<b>Net income before tax</b>		<b>11,731</b>	<b>10,704</b>
Non-tax deductible / (chargeable) items:			
Amortisation of transaction costs		193	171
Management fees payable in units		1,000	972
Non-tax deductible interest expense		58	-
Other adjustments	(b)	364	414
Accretion of tenancy deposit and retention sum stated at amortised cost	(c)	273	-
<b>Income currently available for distribution</b>	(d)	<b>13,619</b>	<b>12,261</b>

**Footnotes:**

- (a) The Projection figures are derived by prorating the Projection for the year ending 31 December 2006 disclosed in the Prospectus for the period from 1 January 2006 to 31 March 2006.
- (b) Other adjustments include Trustee's fee and sinking fund contributions.
- (c) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with FRS 39.
- (d) As stated in the Prospectus, MMP REIT's distribution policy is to distribute 100% of its income available for distribution (after adjustments for non-tax deductible expenses and non-chargeable items) for the period commencing from its listing date (20 September 2005) to 31 December 2006 and to distribute at least 90% of such income thereafter.

**9 (b) Review of Performance for the quarter ended 31 March 2006**

Gross revenue at \$22.5 million is higher than Projection by 4%. This is mainly due to the higher rental rates achieved for renewals and new committed leases.

Property expenses at \$5.1 million is lower than Projection by 2%, due mainly to lower than projected expenditure for leasing and property maintenance.

Non property expenses at \$5.6 million is lower than Projection by 2%. This is mainly due to the lower Trust expenses and lower borrowing costs.

Net income before tax is \$11.7 million, 10% above Projection. Adjusting for the non-tax deductible/chargeable items, income available for distribution is \$13.6 million, 11% higher than Projection. This works out to 1.44 cents per unit, 12% higher than the 1.29 cents as projected.

**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**

The Ministry of Trade & Industry (MTI) reported that the Singapore economy grew at a faster pace in the first quarter of 2006. Advance estimates (based on actual January and February 2006 data) by MTI showed that GDP grew by 9.1% in the first quarter compared to the same period in 2005. For 2006, GDP growth is projected between 3% to 5%.

Office demand continued to be strong in 2006. The strong economic performance in the first quarter and the return of business confidence resulted in higher rental rates. Availability of good quality office space continues to be tight. Prime office rent in the first quarter of 2006 rose to \$5.60 psf per month<sup>1</sup> compared to \$5.20 psf per month in end 2005, a 7.7% increase. With limited quality office options, and a steady GDP growth, prime office rent is projected to increase to \$6.50 psf per month<sup>1</sup> by the end of the year.

The strong leasing momentum in 2005 and uptrend of prime retail rents continued into the first quarter of 2006. Sentiment was positive from the healthy economic growth and the increase in tourist arrivals. The first quarter leasing activities saw many retailers introducing many new brands, and improving the tenants' mix of shopping malls with many food & beverage outlets. In Orchard Road, average prime retail rent increased 0.9% over the fourth quarter 2005 to \$33.30 psf per month<sup>1</sup>. Supply of prime retail space continued to be tight in Orchard Road. Prime retail rent is expected to increase by 2.5% to 5%<sup>2</sup> in 2006.

<sup>1</sup> CB Richard Ellis First Quarter 2006 Report

<sup>2</sup> CB Richard Ellis Singapore Market View, Fourth Quarter 2005

**Outlook for the financial year ending 31 December 2006**

Barring any unforeseen circumstances and subject to continued economic growth, the Manager of MMP REIT is optimistic of delivering at least the projected distribution per unit for FY 2006 as stated in the Prospectus.



**Financial Statements Announcement  
For The First Quarter Ended 31 March 2006**

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**11 Distributions**

**(a) Current financial period**

Any distributions declared for the current financial period :	Yes
Name of distribution:	Distribution for the period from 1 January 2006 to 31 March 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).

**(b) Corresponding period of the immediately preceding financial period**

Any distributions declared for the previous corresponding financial period :	NA
Name of distribution:	NA
Distribution type:	NA
Distribution rate:	NA
Par value of units:	NA
Tax rate:	NA

**Footnotes:**

NA- Not applicable

**(c) Date payable:** 30 May 2006

**(d) Books Closure Date:** 5 May 2006

**12 If no distribution has been declared/(recommended), a statement to that effect**

Not applicable

*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

Rudi Chuan  
Company Secretary  
26-Apr-06