

**Macquarie Prime Real Estate Investment Trust  
Financial Statements Announcement  
For the Third Quarter Ended 30 September 2008**

These financial statements for the period from 1 July 2008 to 30 September 2008 have not been audited or reviewed by our auditors.

Macquarie Prime Real Estate Investment Trust (“MP REIT” or “Trust”), is a real estate investment trust constituted by the Trust Deed entered into on 8 August 2005 (last amended and restated on 10 December 2007) between Macquarie Pacific Star Prime REIT Management Limited as the Manager of MP REIT and HSBC Institutional Trust Services (Singapore) Limited as the Trustee of MP REIT. MP REIT was listed on the mainboard of the Singapore Exchange Securities Trading Limited on 20 September 2005.

The principal activities of MP 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 net asset value per unit.

MP REIT owns 257 strata lots (post strata redevelopment) 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”), 100% interest in seven properties in Tokyo, Japan (the “Japanese Properties”) and 100% interest in Renhe Spring Zongbei Department Store in Chengdu, China (the “Renhe Spring Zongbei Property”).

**Financial Statements Announcement  
For The Third Quarter Ended 30 September 2008**

**SUMMARY OF THE GROUP'S RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07	Increase / (Decrease)
	S\$'000	S\$'000	%
Gross revenue	93,208	73,130	27.5%
Net property income	69,912	54,628	28.0%
Net income available for distribution	51,352	42,877	19.8%
	Cents per Unit		
<b>Distribution per Unit ("DPU")</b>			
For the quarter from 1 July to 30 September	1.78	1.54	15.6%
For the nine months from 1 January to 30 September	5.32	4.51	18.0%
Annualised (based on the three months ended 30 September 2008)	7.08	6.11	15.9%

**DISTRIBUTION DETAILS**

Distribution period	1 July 2008 to 30 September 2008
Distribution amount	1.78 cents per unit
Books closure date	6 November 2008
Payment date	28 November 2008

# Financial Statements Announcement

## For The Third Quarter Ended 30 September 2008

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

#### Statement of Total Return (3Q 2008 vs 3Q 2007)

		Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Increase / (Decrease)	Trust 01/07/08 to 30/09/08	Trust 01/07/07 to 30/09/07	Increase / (Decrease)
Notes	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	<b>Gross revenue</b>	<b>32,589</b>	<b>26,119</b>	<b>24.8%</b>	<b>27,085</b>	<b>23,767</b>	<b>14.0%</b>
	Maintenance and sinking fund contributions	(1,439)	(1,386)	3.8%	(1,390)	(1,337)	4.0%
	Property management fees	(1,059)	(713)	48.5%	(813)	(713)	14.0%
	Property tax	(2,936)	(2,424)	21.1%	(2,700)	(2,341)	15.3%
	Other property expenses	(3,507)	(2,162)	62.2%	(2,218)	(1,729)	28.3%
	<b>Property expenses</b>	<b>(8,941)</b>	<b>(6,685)</b>	<b>33.7%</b>	<b>(7,121)</b>	<b>(6,120)</b>	<b>16.4%</b>
	<b>Net property income</b>	<b>23,648</b>	<b>19,434</b>	<b>21.7%</b>	<b>19,964</b>	<b>17,647</b>	<b>13.1%</b>
	Finance income	23	45	(48.9%)	11	45	(75.6%)
	Dividend income from subsidiary	-	-	-	-	-	-
	Fair value adjustment on security deposit and retention sum	148	171	(13.5%)	197	(47)	NM
	Tenancy relief	-	-	-	-	-	-
	Management fees	(2,877)	(2,332)	23.4%	(2,829)	(2,298)	23.1%
	Performance fees	-	-	-	-	-	-
	Trust expenses	(693)	(464)	49.4%	(547)	(357)	53.2%
	Finance expenses	(5,856)	(4,347)	34.7%	(4,638)	(3,572)	29.8%
	<b>Non property expenses</b>	<b>(9,255)</b>	<b>(6,927)</b>	<b>33.6%</b>	<b>(7,806)</b>	<b>(6,229)</b>	<b>25.3%</b>
	<b>Net income before tax</b>	<b>14,393</b>	<b>12,507</b>	<b>15.1%</b>	<b>12,158</b>	<b>11,418</b>	<b>6.5%</b>
	Change in fair value of unrealised derivative instruments	(11,870)	(9,746)	21.8%	(11,757)	(3,125)	276.2%
	Unrealised foreign exchange gain (loss)	-	-	-	7,248	-	NM
	Change in fair value of investment properties	-	-	-	-	-	-
	<b>Total return for the period before tax and distribution</b>	<b>2,523</b>	<b>2,761</b>	<b>(8.6%)</b>	<b>7,649</b>	<b>8,293</b>	<b>(7.8%)</b>
	Income tax expense	(559)	(217)	157.6%	-	-	-
	<b>Total return for the period after tax, before distribution</b>	<b>1,964</b>	<b>2,544</b>	<b>(22.8%)</b>	<b>7,649</b>	<b>8,293</b>	<b>(7.8%)</b>

#### Footnotes:

- (a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The increase in gross revenue for the Group is mainly attributed to higher rental rates achieved for renewals and new committed leases, as well as higher revenue on its overseas properties which accounted for approximately 17% of total gross revenue for the three months ended 30 September 2008 (approximately 9% of total gross revenue for three months ended 30 September 2007).
- (b) Property management fees comprise 3% per annum and 2% to 5% per annum of the gross revenue from the Singapore Properties and Japanese Properties respectively, and 0.8% per annum of turnover rent from the Renhe Spring Zongbei Property in China.
- (c) Property tax for the period is higher mainly due to an increase in the annual values of the Singapore Properties.
- (d) Other property expenses were higher due to properties acquired during the comparative period and therefore the expenses relating to these properties are only reflected from the dates of acquisition.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

- (e) Being adjustment of the initial fair value of security deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39.
- (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 higher trust expenses are due to higher professional fees and non-recurring strategic review costs incurred by the Trust for the three months ended 30 September 2008.
- (h) Finance expenses are higher due to debt financing of the overseas property acquisitions as well as higher refinancing and interest costs, and include interest receivable and payable under the interest rate swaps and cross currency swap contracts.
- (i) Represents mainly the change in fair value of interest rate swaps, interest rate caps and cross currency swaps which were entered into in relation to the acquisition of the Japanese Properties. The unrealised loss on the cross currency swaps was offset by an increase in value of the Japanese Properties due to a rise in foreign currency exchange rates during the three months ended 30 September 2008.
- (j) No independent valuation was carried out during the three months ended 30 September 2008.
- (k) Income tax expense includes mainly the corporate income taxes in relation to Renhe Spring Zongbei Property, as well as withholding tax and deferred tax accrued in relation to the overseas properties.

NM – Not Meaningful

### Distribution Statement (3Q 2008 vs 3Q 2007)

	Notes	Group	Group	Increase / (Decrease) %	Trust	Trust	Increase / (Decrease) %
		01/07/08 to 30/09/08 S\$'000	01/07/07 to 30/09/07 S\$'000		01/07/08 to 30/09/08 S\$'000	01/07/07 to 30/09/07 S\$'000	
<b>Total return after tax, before distribution</b>		<b>1,964</b>	<b>2,544</b>	<b>(22.8%)</b>	<b>7,649</b>	<b>8,293</b>	<b>(7.8%)</b>
Non-tax deductible / (chargeable) items:							
Management fees paid / payable in units		1,483	1,238	19.8%	1,483	1,238	19.8%
Finance costs	(l)	815	228	257.5%	1,013	236	329.2%
Sinking fund contribution		291	292	(0.3%)	291	292	(0.3%)
Tenancy relief		-	-	-	-	-	-
Depreciation		421	412	2.2%	421	412	2.2%
Change in fair value of unrealised derivative instruments		11,870	9,746	21.8%	11,757	3,125	276.2%
Change in fair value of investment properties		-	-	-	-	-	-
Deferred income tax		67	-	NM	-	-	-
Unrealised foreign exchange (gain) loss		-	-	-	(7,248)	-	NM
Other items	(m)	273	158	72.8%	649	445	45.8%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	1,169	577	102.6%
<b>Income available for distribution</b>		<b>17,184</b>	<b>14,618</b>	<b>17.6%</b>	<b>17,184</b>	<b>14,618</b>	<b>17.6%</b>

Footnotes:

- (l) Finance costs include upfront costs relating to short term refinancing.
- (m) Other items include mainly trustee's fee and non-tax deductible costs relating to the strategic review.

NM – Not Meaningful

# Financial Statements Announcement For The Third Quarter Ended 30 September 2008

## Statement of Total Return (YTD September 2008 vs YTD September 2007)

		Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07	Increase / (Decrease)	Trust 01/01/08 to 30/09/08	Trust 01/01/07 to 30/09/07	Increase / (Decrease)
Notes	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
<b>Gross revenue</b>	(a)	<b>93,208</b>	<b>73,130</b>	<b>27.5%</b>	<b>77,417</b>	<b>70,316</b>	<b>10.1%</b>
Maintenance and sinking fund contributions		(4,211)	(4,075)	3.3%	(4,064)	(4,011)	1.3%
Property management fees	(b)	(3,060)	(2,128)	43.8%	(2,323)	(2,109)	10.1%
Property tax	(c)	(8,005)	(6,715)	19.2%	(7,698)	(6,610)	16.5%
Other property expenses	(d)	(8,020)	(5,584)	43.6%	(5,127)	(5,122)	0.1%
<b>Property expenses</b>		<b>(23,296)</b>	<b>(18,502)</b>	<b>25.9%</b>	<b>(19,212)</b>	<b>(17,852)</b>	<b>7.6%</b>
<b>Net property income</b>		<b>69,912</b>	<b>54,628</b>	<b>28.0%</b>	<b>58,205</b>	<b>52,464</b>	<b>10.9%</b>
Finance income		83	182	(54.4%)	55	181	(69.6%)
Dividend income from subsidiary	(e)	-	-	-	2,068	-	NM
Fair value adjustment on security deposit and retention sum	(f)	78	117	(33.3%)	160	(329)	NM
Tenancy relief	(g)	-	(750)	(100.0%)	-	(750)	(100.0%)
Management fees	(h)	(8,537)	(6,268)	36.2%	(8,398)	(6,224)	34.9%
Performance fees		-	-	-	-	-	-
Trust expenses	(i)	(2,609)	(1,032)	152.8%	(2,320)	(908)	155.5%
Finance expenses	(j)	(15,869)	(11,381)	39.4%	(12,113)	(10,261)	18.0%
<b>Non property expenses</b>		<b>(26,854)</b>	<b>(19,132)</b>	<b>40.4%</b>	<b>(20,548)</b>	<b>(18,291)</b>	<b>12.3%</b>
<b>Net income before tax</b>		<b>43,058</b>	<b>35,496</b>	<b>21.3%</b>	<b>37,657</b>	<b>34,173</b>	<b>10.2%</b>
Change in fair value of unrealised derivative instruments	(k)	(5,625)	(8,456)	(33.5%)	(5,612)	(3,111)	80.4%
Unrealised foreign exchange gain (loss)		-	-	-	8,211	-	NM
Change in fair value of investment properties	(l)	-	110,000	(100.0%)	-	110,000	(100.0%)
<b>Total return for the period before tax and distribution</b>		<b>37,433</b>	<b>137,040</b>	<b>(72.7%)</b>	<b>40,256</b>	<b>141,062</b>	<b>(71.5%)</b>
Income tax expense	(m)	(1,668)	(257)	549.0%	-	-	-
<b>Total return for the period after tax, before distribution</b>		<b>35,765</b>	<b>136,783</b>	<b>(73.9%)</b>	<b>40,256</b>	<b>141,062</b>	<b>(71.5%)</b>

### Footnotes:

- (a) Gross revenue comprises gross rent and other revenue earned from investment properties, including turnover rent. The increase in gross revenue for the Group is mainly attributed to higher rental rates achieved for renewals and new committed leases, as well as higher revenue on its overseas properties which accounted for approximately 17% of total gross revenue for the nine months ended 30 September 2008 (approximately 4% of total gross revenue for nine months ended 30 September 2007).
- (b) Property management fees comprise 3% per annum and 2% to 5% per annum of the gross revenue from the Singapore Properties and Japanese Properties respectively, and 0.8% per annum of turnover rent of the Renhe Spring Zongbei Property in China. The increase is due to property management fees payable in respect of the Japanese and China properties.
- (c) Property tax for the period is higher mainly due to an increase in the annual values of the Singapore Properties during the nine months ended 30 September 2008.
- (d) Other property expenses were higher due to properties acquired during the comparative period and therefore the expenses relating to these properties are only reflected from the dates of acquisition.
- (e) Represents dividend income from its wholly-owned subsidiary, Top Sure Investment Limited, during the nine months ended 30 September 2008.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

- (f) Being adjustment of the initial fair value of security deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39.
- (g) There were no tenancy relief payments made to tenants for the nine months ended 30 September 2008.
- (h) 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.
- (i) The higher trust expenses are due to non-recurring strategic review costs and higher professional fees incurred by the Trust for the nine months ended 30 September 2008.
- (j) Finance expenses are higher due to debt financing of the overseas properties acquisitions as well as higher refinancing and interest costs, and include interest receivable and payable under the interest rate swaps and cross currency swap contracts.
- (k) Represents mainly the change in fair value of interest rate swaps, interest rate caps and cross currency swaps which were entered into in relation to the acquisition of the Japanese Properties. The unrealised loss on the cross currency swaps was offset by an increase in value of the Japanese Properties due to a rise in foreign currency exchange rates during the nine months ended 30 September 2008.
- (l) The Singapore Properties were revalued to S\$1,608.0 million by Cushman & Wakefield (S) Pte Ltd as at 30 June 2007, resulting in a revaluation increment of S\$110.0 million during the nine months ended 30 September 2007. No independent valuation was carried out during the nine months ended 30 September 2008.
- (m) Income tax expense includes mainly the corporate income taxes in relation to Renhe Spring Zongbei Property, as well as withholding tax and deferred tax accrued in relation to the overseas properties.

NM – Not Meaningful

### Distribution Statement (YTD September 2008 vs YTD September 2007)

	Notes	Group	Group	Increase / (Decrease)	Trust	Trust	Increase / (Decrease)
		01/01/08 to 30/09/08	01/01/07 to 30/09/07		01/01/08 to 30/09/08	01/01/07 to 30/09/07	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Total return after tax, before distribution</b>		<b>35,765</b>	<b>136,783</b>	<b>(73.9%)</b>	<b>40,256</b>	<b>141,062</b>	<b>(71.5%)</b>
Non-tax deductible / (chargeable) items:							
Management fees paid / payable in units		4,398	3,599	22.2%	4,398	3,599	22.2%
Finance costs	(n)	1,934	604	220.2%	2,329	663	251.3%
Sinking fund contribution		874	875	(0.1%)	874	875	(0.1%)
Tenancy relief		-	750	(100.0%)	-	750	(100.0%)
Depreciation		1,263	1,175	7.5%	1,263	1,175	7.5%
Change in fair value of unrealised derivative instruments		5,625	8,456	(33.5%)	5,612	3,111	80.4%
Change in fair value of investment properties		-	(110,000)	NM	-	(110,000)	NM
Deferred income tax		215	-	-	-	-	-
Unrealised foreign exchange (gain) loss		-	-	-	(8,211)	-	NM
Other items	(o)	1,278	635	101.3%	1,418	1,050	35.0%
Net overseas income not distributed to the Trust, net of amount received		-	-	-	3,413	592	476.5%
<b>Income available for distribution</b>		<b>51,352</b>	<b>42,877</b>	<b>19.8%</b>	<b>51,352</b>	<b>42,877</b>	<b>19.8%</b>

Footnotes:

- (n) Finance costs include upfront costs relating to short term refinancing.
- (o) Other items include mainly trustee's fee and non-tax deductible costs relating to the strategic review.

NM – Not Meaningful

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

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

#### Balance Sheet as at 30 September 2008

		Group 30/09/08 S\$'000	Group 31/12/07 S\$'000	Trust 30/09/08 S\$'000	Trust 31/12/07 S\$'000
	Notes				
<b>Assets</b>					
Investment properties	(a)	2,226,141	2,208,574	1,934,143	1,932,350
Interests in subsidiaries		-	-	226,053	226,399
Plant and equipment		986	2,259	891	2,155
Intangible asset	(b)	12,613	12,613	-	-
Derivative financial instruments	(c)	5,318	1,920	4,965	1,447
Trade and other receivables		11,176	9,499	6,284	5,281
Cash and cash equivalents		37,100	42,686	17,893	19,057
<b>Total assets</b>		<b>2,293,334</b>	<b>2,277,551</b>	<b>2,190,229</b>	<b>2,186,689</b>
<b>Liabilities</b>					
Trade and other payables	(d)	(61,031)	(57,563)	(47,480)	(44,590)
Derivative financial instruments	(c)	(16,255)	(8,036)	(16,255)	(8,036)
Income tax payable		(278)	(656)	-	-
Deferred tax liabilities	(e)	(17,876)	(16,598)	-	-
Borrowings	(f)	(656,923)	(657,531)	(610,312)	(612,741)
<b>Total liabilities</b>		<b>(752,363)</b>	<b>(740,384)</b>	<b>(674,047)</b>	<b>(665,367)</b>
<b>Net assets attributable to unitholders</b>		<b>1,540,971</b>	<b>1,537,167</b>	<b>1,516,182</b>	<b>1,521,322</b>

#### Footnotes:

- Investment properties have increased largely due to an improvement in foreign currency exchange rates and additional expenditure of S\$1.8 million during the nine months ended 30 September 2008. The Singapore Properties, Japanese Properties and the Renhe Spring Zongbei Property were independently revalued to an aggregate amount of approximately S\$2,208.6 million as at 31 December 2007, by CB Richard Ellis (Pte) Ltd, Tokyo Asset Research Co. Ltd and Savills Valuation and Professional Services Limited respectively.
- Intangible asset represents goodwill on acquisition of Top Sure Investment Limited in August 2007. The company owns the Renhe Spring Zongbei Property through a wholly owned subsidiary.
- 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 Group's overseas properties.
- The increase in 2008 is mainly due to increase in payables in relation to the Singapore Properties and overseas properties. Payables include an amount of S\$13.0 million, which forms part of the consideration for the investment properties retained under the sale & purchase agreement in respect of Wisma Atria.
- Deferred tax liabilities are mainly in respect of the Renhe Spring Zongbei Property and has been estimated on the basis of an asset sale at the current book value. The amount will not be payable if the investment property were sold through a sale of shares in Top Sure Investment Limited.
- Borrowings include a S\$380 million term loan, a S\$190 million term loan, S\$45.2 million drawdown on revolving credit facilities ("RCF"), a Yen 3.1 billion (S\$41.9 million) Japanese bond and a RMB26.9 million (S\$5.6 million) loan payable to a third party property vendor in China.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

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

	Notes	Group 30/09/08 S\$'000	Group 31/12/07 S\$'000	Trust 30/09/08 S\$'000	Trust 31/12/07 S\$'000
<b>Secured borrowings</b>					
	(a)				
Amount repayable within one year		-	-	-	-
Amount repayable after one year		600,000	380,000	600,000	380,000
		<b>600,000</b>	<b>380,000</b>	<b>600,000</b>	<b>380,000</b>
<b>Unsecured borrowings</b>					
	(b)				
Amount repayable within one year		15,970	235,833	15,163	235,000
Amount repayable after one year		46,757	45,067	-	-
		<b>662,727</b>	<b>660,900</b>	<b>615,163</b>	<b>615,000</b>
Less: Unamortised loan acquisition expenses		(5,804)	(3,369)	(4,851)	(2,259)
		<b>656,923</b>	<b>657,531</b>	<b>610,312</b>	<b>612,741</b>

Footnotes:

(a) Secured

The Group has in place a secured term loan of S\$380 million with a tenor of five years (repayable on 20 September 2010) (the "Senior Facility"), as well as a two-year term loan of S\$190 million (terminating on 10 September 2010) and a two-year RCF of S\$30 million (repayable on 10 September 2010) (the "Junior Facility").

The Senior Facility and the Junior Facility are secured on the following:

- (i) A first and second legal mortgage on the Singapore Properties respectively;
- (ii) A first and second fixed charge over the Trust's rental collection, current and fixed deposit accounts respectively;
- (iii) A first and second assignment of the Trust's rights, title and interest in the property management agreement, tenancy documents and proceeds and insurance policies in relation to the Singapore Properties respectively; and
- (iv) A first and second fixed and floating charge over the assets of the Trust in relation to the Singapore Properties, agreements and collateral, as required by the financial institution granting the facilities respectively.

(b) Unsecured

The Group has an unsecured RCF of up to S\$35 million for a remaining tenor of less than one year. Currently, S\$15.2 million is outstanding under the RCF, repayable on 31 March 2009.

In addition, the Group has a five-year bond facility of Yen 3.1 billion (S\$41.9 million) maturing in May 2012, which was used to part finance the acquisition of the 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.

The Group also has a loan of RMB34.3 million (2007: RMB40 million) from a third party property vendor, which was assumed as part of the acquisition of the Renhe Spring Zongbei Property. The carrying amount of S\$5.6 million represents the discounted value of the RMB34.3 million loan, which is interest-free and repayable in equal, annual instalments, ending in August 2014. RMB5.7 million (S\$1.2 million), representing the first instalment, was repaid during the three months ended 30 September 2008.



# Financial Statements Announcement

## For The Third Quarter Ended 30 September 2008

### 1(c) Consolidated cash flow statement (3Q 2008 vs 3Q 2007) and (YTD September 2008 vs YTD September 2007)

	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07
Notes	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Total return for the period before tax and distribution	2,523	2,761	37,433	137,040
<b>Adjustments for</b>				
Finance income	(23)	(45)	(83)	(182)
Fair value adjustment on security deposits and retention sum	(148)	(171)	(78)	(117)
Depreciation	421	412	1,276	1,175
Management fees paid / payable in units	1,483	1,238	4,398	3,599
Finance expense	5,856	4,347	15,869	11,381
Change in fair value of unrealised derivative instruments	11,870	9,746	5,625	8,456
Change in fair value of investment properties	-	-	-	(110,000)
Operating income before working capital changes	21,982	18,288	64,440	51,352
Changes in working capital:				
Trade and other receivables	(2,466)	(3,009)	(1,695)	(4,056)
Trade and other payables	4,623	1,541	3,278	7,688
Income tax paid	(605)	-	(1,694)	-
<b>Cash generated from operating activities</b>	<b>23,534</b>	<b>16,820</b>	<b>64,329</b>	<b>54,984</b>
<b>Investing activities</b>				
Net cash outflow on purchase of investment properties	(a) -	(71,297)	-	(180,305)
Net cash outflow on acquisition of subsidiary	(b) -	(59,657)	-	(59,657)
Purchase of plant and equipment	(17)	(193)	(21)	(701)
Capital expenditure on investment properties	(940)	-	(1,793)	-
Interest received on deposits	37	53	101	145
<b>Cash flows from investing activities</b>	<b>(920)</b>	<b>(131,094)</b>	<b>(1,713)</b>	<b>(240,518)</b>
<b>Financing activities</b>				
Borrowing costs paid	(8,323)	(5,711)	(18,441)	(14,264)
Proceeds from borrowings	240,630	149,000	272,319	291,060
Repayment of borrowings	(238,664)	(2,000)	(273,353)	(24,000)
Distributions paid to unitholders	(17,003)	(14,254)	(49,794)	(42,149)
<b>Cash flows from financing activities</b>	<b>(23,360)</b>	<b>127,035</b>	<b>(69,269)</b>	<b>210,647</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(746)</b>	<b>12,761</b>	<b>(6,653)</b>	<b>25,113</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>36,986</b>	<b>32,354</b>	<b>42,686</b>	<b>20,122</b>
Effects of exchange rate differences on cash	860	326	1,067	206
<b>Cash and cash equivalents at the end of the period</b>	<b>37,100</b>	<b>45,441</b>	<b>37,100</b>	<b>45,441</b>

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

Footnotes:

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

	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07
	S\$'000	S\$'000	S\$'000	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
<b>Net cash outflow on purchase of investment properties</b>	<b>-</b>	<b>71,297</b>	<b>-</b>	<b>180,305</b>

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

	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07
	S\$'000	S\$'000	S\$'000	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)
<b>Net cash outflow on acquisition of subsidiary (net of cash and cash equivalents acquired)</b>	<b>-</b>	<b>59,657</b>	<b>-</b>	<b>59,657</b>

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

### 1(d) (i) Statement of movements in net assets attributable to Unitholders (3Q 2008 vs 3Q 2007)

	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Trust 01/07/08 to 30/09/08	Trust 01/07/07 to 30/09/07
Notes	S\$'000	S\$'000	S\$'000	S\$'000
<b>Net assets attributable to unitholders at the beginning of the period</b>	1,543,165	1,205,970	1,524,053	1,205,696
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations, before distributions	(a) 1,964	2,544	7,649	8,293
<b>Increase in net assets resulting from operations</b>	<b>1,964</b>	<b>2,544</b>	<b>7,649</b>	<b>8,293</b>
<b>Foreign currency translation reserve</b>				
Translation differences from financial statements of foreign entities	4,114	6,228	-	-
Exchange differences on monetary items forming part of net investment in foreign operations	7,248	-	-	-
<b>Net gain (loss) recognised directly in net assets attributable to unitholders</b>	(b) <b>11,362</b>	<b>6,228</b>	-	-
<b>Unitholders' transactions</b>				
Creation of units:				
- Management fees paid in units	-	-	-	-
- Management fees payable in units	(c) 1,483	1,238	1,483	1,238
Distribution to unitholders	(17,003)	(14,254)	(17,003)	(14,254)
<b>Decrease in net assets resulting from unitholders' transactions</b>	<b>(15,520)</b>	<b>(13,016)</b>	<b>(15,520)</b>	<b>(13,016)</b>
<b>Net assets attributable to unitholders at the end of the period</b>	<b>1,540,971</b>	<b>1,201,726</b>	<b>1,516,182</b>	<b>1,200,973</b>

Footnotes:

- Change in net assets attributable to unitholders resulting from operations for the three months ended 30 September 2008, includes the loss in fair value of unrealised derivative instruments of S\$11.9 million.
- 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 net investment in the foreign entities.
- There are an estimated 1,861,501 units to be issued to the Manager by 30 October 2008 as partial satisfaction of the base fee element of the management fee incurred for the three months ended 30 September 2008.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

### 1(d) (i) Statement of movements in net assets attributable to Unitholders (YTD September 2008 vs YTD September 2007)

	Notes	Group 01/01/08 to 30/09/08 S\$'000	Group 01/01/07 to 30/09/07 S\$'000	Trust 01/01/08 to 30/09/08 S\$'000	Trust 01/01/07 to 30/09/07 S\$'000
<b>Net assets attributable to unitholders at the beginning of the period</b>		1,537,167	1,098,461	1,521,322	1,098,461
<b>Operations</b>					
Change in net assets attributable to unitholders resulting from operations, before distributions	(a)	35,765	136,783	40,256	141,062
<b>Increase in net assets resulting from operations</b>		<b>35,765</b>	<b>136,783</b>	<b>40,256</b>	<b>141,062</b>
<b>Foreign currency translation reserve</b>					
Translation differences from financial statements of foreign entities		5,224	5,032	-	-
Exchange differences on monetary items forming part of net investment in foreign operations		8,211	-	-	-
<b>Net gain recognised directly in net assets attributable to unitholders</b>	(b)	<b>13,435</b>	<b>5,032</b>	<b>-</b>	<b>-</b>
<b>Unitholders' transactions</b>					
Creation of units:					
- Management fees paid in units		2,915	2,361	2,915	2,361
- Management fees payable in units	(c)	1,483	1,238	1,483	1,238
Distribution to unitholders		(49,794)	(42,149)	(49,794)	(42,149)
<b>Decrease in net assets resulting from unitholders' transactions</b>		<b>(45,396)</b>	<b>(38,550)</b>	<b>(45,396)</b>	<b>(38,550)</b>
<b>Net assets attributable to unitholders at the end of the period</b>		<b>1,540,971</b>	<b>1,201,726</b>	<b>1,516,182</b>	<b>1,200,973</b>

Footnotes:

- Change in net assets attributable to unitholders resulting from operations for the nine months ended 30 September 2008, includes the loss in fair value of unrealised derivative instruments of S\$5.6 million.
- 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 net investment in the foreign entities.
- There are an estimated 1,861,501 units to be issued to the Manager by 30 October 2008 as partial satisfaction of the base fee element of the management fee incurred for the three months ended 30 September 2008.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

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

	Group and Trust 01/07/08 to 30/09/08	Group and Trust 01/07/07 to 30/09/07	Group and Trust 01/01/08 to 30/09/08	Group and Trust 01/01/07 to 30/09/07
Notes	Units	Units	Units	Units
<b>Issued units at the beginning of the period</b>	953,811,631	949,283,592	951,328,908	947,375,680
Management fees issued in units (base fee)	1,410,412	996,371	3,893,135	2,823,322
Management fees issued in units (performance fee)	-	-	-	80,961
<b>Issued units at the end of the period</b>	955,222,043	950,279,963	955,222,043	950,279,963
Management fees payable in units to be issued (base fee) (a)	1,861,501	999,089	1,861,501	999,089
Management fees payable in units (performance fee) (b)	-	-	-	-
<b>Total issued and issuable units at the end of the period</b>	<b>957,083,544</b>	<b>951,279,052</b>	<b>957,083,544</b>	<b>951,279,052</b>

Footnotes:

- (a) There are an estimated 1,861,501 units to be issued to the Manager by 30 October 2008 as partial satisfaction of the base fee element of the management fee incurred for the three months ended 30 September 2008.
- (b) Performance fees are calculated for each six-month period ending 30 June and 31 December.

### 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.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

### 6 Consolidated earnings per unit ('EPU') and distribution per unit ('DPU') for the financial period

	Notes	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07
Weighted average number of units	(a)	954,782,360	949,976,749
Earnings per unit for the period based on the weighted average number of units in issue (cents)		0.21	0.27
Number of units issued and issuable at end of period		957,083,544	951,279,052
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	(b)	1.78	1.54
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)		1.78	1.54

Footnotes:

- (a) The actual weighted average number of units used for computation of EPU for the three months ended 30 September 2008 is 954,782,360 and has been calculated on a time-weighted basis. This number comprises:
- (i) Weighted average number of units in issue of 954,762,126; and
  - (ii) Weighted average number of units issuable to the Manager of 20,234.
- (b) The computation of DPU is based on number of units entitled to distributions comprising:
- (i) The number of units in issue as at 30 September 2008 of 955,222,043;
  - (ii) The estimated number of units issuable to the Manager as partial satisfaction of management fee incurred for the three months ended 30 September 2008 of 1,861,501.

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

	Notes	Group 30/09/08	Group 31/12/07	Trust 30/09/08	Trust 31/12/07
Net asset value per unit (S\$)	(a)	1.61	1.61	1.58	1.60

Footnotes:

- (a) The number of units used for computation of NAV per unit is 957,083,544. This comprises:
- (i) The number of units in issue as at 30 September 2008 of 955,222,043;
  - (ii) The estimated number of units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for the three months ended 30 September 2008 of 1,861,501.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

### 8 Review of the performance Consolidated Statement of Total Return and Distribution (3Q 2008 vs 3Q 2007) and (YTD September 2008 vs YTD September 2007)

	Group 01/07/08 to 30/09/08	Group 01/07/07 to 30/09/07	Increase / (Decrease)	Group 01/01/08 to 30/09/08	Group 01/01/07 to 30/09/07	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross revenue</b>	<b>32,589</b>	<b>26,119</b>	<b>24.8%</b>	<b>93,208</b>	<b>73,130</b>	<b>27.5%</b>
Property expenses	(8,941)	(6,685)	33.7%	(23,296)	(18,502)	25.9%
<b>Net property income</b>	<b>23,648</b>	<b>19,434</b>	<b>21.7%</b>	<b>69,912</b>	<b>54,628</b>	<b>28.0%</b>
Non property expenses	(9,255)	(6,927)	33.6%	(26,854)	(19,132)	40.4%
<b>Net income before tax</b>	<b>14,393</b>	<b>12,507</b>	<b>15.1%</b>	<b>43,058</b>	<b>35,496</b>	<b>21.3%</b>
Change in fair value of unrealised derivative instruments	(11,870)	(9,746)	21.8%	(5,625)	(8,456)	(33.5%)
Change in fair value of investment properties	-	-	-	-	110,000	(100.0%)
<b>Total return for the period before tax and distribution</b>	<b>2,523</b>	<b>2,761</b>	<b>(8.6%)</b>	<b>37,433</b>	<b>137,040</b>	<b>(72.7%)</b>
Income tax expense	(559)	(217)	157.6%	(1,668)	(257)	549.0%
<b>Total return for the period after tax, before distribution</b>	<b>1,964</b>	<b>2,544</b>	<b>(22.8%)</b>	<b>35,765</b>	<b>136,783</b>	<b>(73.9%)</b>
Non tax deductible/(chargeable) items and other adjustments	15,220	12,074	26.1%	15,587	(93,906)	(116.6%)
<b>Net income available for distribution</b>	<b>17,184</b>	<b>14,618</b>	<b>17.6%</b>	<b>51,352</b>	<b>42,877</b>	<b>19.8%</b>

Gross revenue was higher mainly due to higher rental rates achieved for renewals, new committed leases and higher revenue from the Group's overseas properties, which accounted for approximately 17% of total gross revenue for three months ended 30 September 2008. Property expenses were also higher mainly due to increase in other property expenses and property management fees from its overseas properties.

The unrealised loss on the derivative instruments for three months ended 30 September 2008 of S\$11.9 million represented the change in fair value of interest rate swaps, interest rate caps and cross currency swaps which were entered into in relation to the overseas properties. The unrealised loss on the cross currency swaps was offset by an increase in value of the overseas properties due to a rise in foreign currency exchange rates during the period.

Net income available for distribution for the three months ended 30 September 2008 was S\$17.2 million, 17.6% above the previous comparative period. This increase is largely contributed from stronger performance of the Singapore Properties and the Group's overseas properties acquired between May and September 2007.

### 9 Variance between forecast and the actual results

The Trust has not disclosed any forecast to the market.

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

### 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**

Globally, across all markets, economic growth has slowed or turned negative particularly in the last two quarters. The credit market remains tight and interbank lending has slowed down drastically.

In Singapore, the GDP declined by 6.3% in 3Q 2008 after contracting 5.7% in the previous quarter, with market conditions expected to deteriorate further. Both retail and office supply are expected to increase in the next few years. Tourist arrivals fell for a third straight month by 7.7% year-on-year in August. However, prime retail rents along Orchard Road averaged S\$36.80 psf per month in 3Q 2008, unchanged from the previous quarter. CBRE expects rentals at Orchard Road to increase by 2-3% in 2008, down from the 3-5% estimated earlier.

In Japan, business sentiment continues to fall with economic conditions expected to weaken further. Japan's commercial land prices in central Tokyo decelerated from last year's +24.2% to +6.0% in 2008.

#### **Outlook for the next 12 months**

In Singapore, lower tourist arrivals and the slowdown in the economy is expected to affect the pace of retail sales, although these factors are mitigated by MP REIT's staggered lease expiry profile and its recently revised rent for the Toshin master lease, which does not allow for any rent reduction for the next 3 years.

Barring further deterioration of the market, MP REIT is well positioned to ride through the challenging market conditions, on the back of its premium assets, strong committed rental streams and low gearing.

### 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 2008 to 30 September 2008.

Distribution rate: 1.78 cents per unit

Distribution type:

Type	Cents
Taxable income component	1.68
Capital component	0.10
<b>Total</b>	<b>1.78</b>

Par value of units: NA

Tax rate: Taxable income component

Taxable income distributions are made out of the Trust'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



## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

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 the Trust where the income from the underlying properties located overseas has not been received as income by the Trust. 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.

### (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 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
<b>Total</b>	<b>1.54</b>

Par value of units:

NA

Tax rate:

Taxable income component

Taxable income distributions are made out of the Trust'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).

### 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 the Trust where the income from the underlying properties located overseas has not been received as income by the Trust. For Unitholders who hold the Units as trading assets, the amount of capital distribution

## Financial Statements Announcement For The Third Quarter Ended 30 September 2008

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.

Footnotes:

NA – Not applicable

**(c) Date payable:** 28 November 2008

**(d) Books Closure Date:** 6 November 2008

### 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 of the Group and Trust as at 30 September 2008 (comprising the balance sheets as at 30 September 2008 and the statements of total return and distribution statements, cash flow statements and statements of movements in net assets attributable to unitholders for the three months ended on that date, together with their accompanying notes) to be false or misleading in any material respect.

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 PRIME REAL ESTATE INVESTMENT TRUST**

Patricia Ong  
Joint Company Secretary  
29 October 2008