

**Macquarie MEAG Prime Real Estate Investment Trust
Financial Statements Announcement
For The Second Quarter Ended 30 June 2006**

These financial statements for the quarter from 1 April 2006 to 30 June 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 offering dated 13 September 2005 ("the Prospectus") for the quarter from 1 April 2006 to 30 June 2006 and for the half year from 1 January 2006 to 30 June 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.

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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 30 June 2006

	Notes	Actual	Proforma	Increase /	Actual	Proforma	Increase /
		01/04/06 to 30/06/06 S\$'000	01/04/05 to 30/06/05 (Note a) S\$'000	(Decrease) %	01/01/06 to 30/06/06 S\$'000	01/01/05 to 30/06/05 (Note a) S\$'000	(Decrease) %
Gross revenue	(b)	22,404	21,207	6%	44,868	42,181	6%
Maintenance and sinking fund contributions		(1,337)	(1,329)	1%	(2,674)	(2,643)	1%
Property Manager's fee	(c)	(672)	(636)	6%	(1,346)	(1,265)	6%
Property tax	(d)	(2,152)	(2,122)	1%	(4,299)	(4,220)	2%
Other property expenses	(e)	(903)	(1,276)	(29%)	(1,893)	(2,538)	(25%)
Property expenses		(5,064)	(5,363)	(6%)	(10,212)	(10,666)	(4%)
Net property income		17,340	15,844	9%	34,656	31,515	10%
Interest income		82	4	NM	170	8	NM
Accretion of tenancy deposit and retention sum stated at amortised cost	(f)	(8)	-	NM	(281)	-	NM
Management fees	(g)	(1,680)	(1,625)	3%	(3,346)	(3,232)	4%
Trust expenses	(h)	(420)	(524)	(20%)	(802)	(1,042)	(23%)
Borrowing costs	(i)	(3,347)	(3,542)	(6%)	(6,699)	(7,045)	(5%)
Non property expenses		(5,373)	(5,687)	(6%)	(10,958)	(11,311)	(3%)
Net income before tax		11,967	10,157	18%	23,698	20,204	17%
Income tax expense		-	-	-	-	-	-
Net income after tax		11,967	10,157	18%	23,698	20,204	17%

Footnotes:

NM - Not meaningful

- (a) The proforma figures have been compiled based upon the unaudited financial statements of Aspiden 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 April 2005 to 30 June 2005 and the corresponding preceding half year from 1 January 2005 to 30 June 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 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 expenses are due to lower professional fees incurred.
- (i) The lower borrowing costs incurred is due to lower actual interest rates and the partial repayment of the short term loan.

**Financial Statements Announcement
For The Second Quarter Ended 30 June 2006**

Distribution Statement

Notes	Actual 01/04/06 to 30/06/06 Note (a) S\$'000	Actual 01/01/06 to 30/06/06 Note (a) S\$'000
Net income before tax	11,967	23,698
Non-tax deductible / (chargeable) items:		
Amortisation of transaction costs	193	386
Management fees paid / payable in units	1,008	2,008
Non-tax deductible interest expense	74	132
Other adjustments (b)	382	746
Accretion of tenancy deposit and retention sum stated at amortised cost (c)	8	281
	13,632	27,251

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 30/06/06 S\$'000	Actual 31/12/05 S\$'000
Assets		
Investment properties (a)	1,327,000	1,327,000
Trade and other receivables	690	1,052
Cash	19,983	25,479
Total assets	1,347,673	1,353,531
Liabilities		
Trade and other payables (b)	(34,264)	(32,684)
Borrowings (net of transaction costs)	(384,743)	(389,357)
Total liabilities (excluding net assets attributable to Unitholders)	(419,007)	(422,041)
Net assets attributable to unitholders	928,666	931,490

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 Second Quarter Ended 30 June 2006

1 (b)(ii) Aggregate amount of borrowings

	Notes	Actual 30/06/06 S\$'000	Actual 31/12/05 S\$'000
Secured borrowings	(a)		
Amount repayable within one year		8,000	13,000
Amount repayable after one year		380,000	380,000
		388,000	393,000

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 01/04/06 to 30/06/06 Note (a) S\$'000	Actual 01/01/06 to 30/06/06 Note (a) S\$'000
Operating activities			
Net income before tax		11,967	23,698
Adjustments for			
Interest income		(82)	(170)
Accretion of tenancy deposit and retention sum stated at amortised cost	(b)	8	281
Borrowing costs		3,347	6,699
Management fees payable in units		1,008	2,008
Operating income before working capital changes		16,248	32,516
Changes in working capital			
Trade and other receivables		(23)	332
Trade and other payables		965	1,344
Cash generated from operating activities		17,190	34,192
Investing activities			
Interest received		83	200
Cash flows from investing activities		83	200
Financing activities			
Borrowing costs paid		(3,193)	(6,358)
Proceeds from borrowings		14,000	14,000
Repayment of borrowings		(14,000)	(19,000)
Distributions paid to unitholders		(13,612)	(28,530)
Cash flows from financing activities		(16,805)	(39,888)
Net increase / (decrease) in cash and cash equivalents		468	(5,496)
Cash and cash equivalents at beginning of the period		19,515	25,479
Cash and cash equivalents at end of the period		19,983	19,983

Footnotes

- (a) There was no comparative cash flow statement as at 30 June 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 Financial Reporting Standard ("FRS") 39.

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

	Notes	Actual 01/04/06 to 30/06/06 Note (a) S\$'000	Actual 01/01/06 to 30/06/06 Note (a) S\$'000
Balance as at beginning of period		929,303	931,490
Operations			
Net income after tax		11,967	23,698
Net increase in net assets resulting from operations		11,967	23,698
Unitholders' transactions			
Management fee paid in units (base fee)			1,000
Units to be issued			
- Management fees payable in units (base fee)	(b)	1,008	1,008
Distribution to unitholders		(13,612)	(28,530)
Net decrease in net assets resulting from Unitholders' transactions		(12,604)	(26,522)
Balance as at end of period		928,666	928,666

Footnotes

- (a) Prior period comparatives as at 30 June 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 on 20 September 2005. The first financial period was from 8 August 2005 to 31 December 2005.
- (b) These are the 1,111,808 units to be issued to the Manager by 31 July 2006 as partial satisfaction of the base fee element of the management fee incurred for the quarter ended 30 June 2006.

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

	Notes	Actual 01/04/06 to 30/06/06 Units	Actual 01/01/06 to 30/06/06 Units
Issued units at the beginning of the period		944,197,624	943,000,000
Management fees issued in units		1,045,760	2,243,384
Issued units at the end of the period		945,243,384	945,243,384
Units to be issued			
Management fees payable in units (performance fee)	(a)	414,448	414,448
Management fees payable in units (base fee)	(b)	1,111,808	1,111,808
Total issued and issuable units at the end of the period		946,769,640	946,769,640

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 ended 2005 and year ending 2006. 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 30 June 2006. For the half year ended 30 June 2006, the Manager is not entitled to any Performance Fee as the accumulated return of the Trust Index in the half year ended 30 June 2006 did not exceed the accumulated return of the Benchmark Index.
- (b) These are the 1,111,808 units to be issued to the Manager by 31 July 2006 as partial satisfaction of the base fee element of the management fee incurred for the quarter ended 30 June 2006.

Financial Statements Announcement For The Second Quarter Ended 30 June 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**

	Notes	Actual 01/04/06 to 30/06/2006	Projection 01/04/06 to 30/06/06	Actual 01/01/06 to 30/06/2006
Weighted average number of units	(a)	945,670,050		945,149,785
Earnings per unit for the period based on the weighted average number of units in issue (cents)		1.27		2.51
Number of units issued and issuable at end of period excluding performance fee units		946,355,192		946,355,192
Distribution per unit for the period based on the total number of units entitled to distribution excluding performance fee units (cents)	(b)	1.44	1.31	2.88
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)		1.44	NA	2.88

Footnotes

- (a) The actual weighted average number of units used for computation of EPU for the period from 1 April 2006 to 30 June 2006 is 945,670,050. This comprises:
- (i) Weighted average number of units in issue of 945,243,384; and
- (ii) Weighted average number of units issuable to the Manager as partial satisfaction of management fees for the period from 1 April 2006 to 30 June 2006 of 426,666.
- (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 30 June 2006 of 945,243,384; and
- (ii) The units issuable to the Manager as partial satisfaction of management fee incurred for the quarter ended 30 June 2006 of 1,111,808.
- (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

	Notes	Actual 30/06/06	Actual 31/12/05
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 946,769,640. This comprises:
- (i) The number of units in issue as at 30 June 2006 of 945,243,384;
- (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; and
- (iii) The units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for the quarter ended 30 June 2006 of 1,111,808.

Financial Statements Announcement For The Second Quarter Ended 30 June 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 30 June 2006 .

9 (a) Statement of Total Return and Distribution

Statement of Total Return for the Quarter ended 30 June 2006

	Notes	Actual 01/04/06 to 30/06/06 S\$'000	Projection 01/04/06 to 30/06/06 (Note a) S\$'000	Increase / (Decrease) %	Actual 01/01/06 to 30/06/06 (Note a) S\$'000	Projection 01/01/06 to 30/06/06 S\$'000	Increase / (Decrease) %
Gross revenue	(b)	22,404	21,898	2%	44,868	43,555	3%
Maintenance and sinking fund contributions		(1,337)	(1,340)	0%	(2,674)	(2,665)	0%
Property Manager's fee	(c)	(672)	(657)	2%	(1,346)	(1,306)	3%
Property tax		(2,152)	(2,153)	0%	(4,299)	(4,283)	0%
Other property expenses	(d)	(903)	(1,187)	(24%)	(1,893)	(2,361)	(20%)
Property expenses		(5,064)	(5,337)	(5%)	(10,212)	(10,615)	(4%)
Net property income		17,340	16,561	5%	34,656	32,940	5%
Interest income		82	4	NM	170	8	NM
Accretion of tenancy deposit and retention sum stated at amortised cost	(e)	(8)	-	NM	(281)	-	NM
Management fees	(f)	(1,680)	(1,638)	3%	(3,346)	(3,258)	3%
Trust expenses	(g)	(420)	(542)	(23%)	(802)	(1,078)	(26%)
Borrowing costs	(h)	(3,347)	(3,562)	(6%)	(6,699)	(7,085)	(5%)
Non property expenses		(5,373)	(5,738)	(6%)	(10,958)	(11,413)	(4%)
Net income before tax		11,967	10,823	11%	23,698	21,527	10%
Income tax expense		-	-	NM	-	-	NM
Net income after tax		11,967	10,823	11%	23,698	21,527	10%

Footnotes

NM-Not meaningful

- The Projection figures are derived by prorating the Projection for year ending 31 December 2006 disclosed in the Prospectus for the period from 1 April 2006 to 30 June 2006 and for the half year from 1 January 2006 to 30 June 2006.
- 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.
- 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.
- Actual other property expenses incurred is lower due mainly to lower spending for leasing and upkeep of properties.
- Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39.
- The management fee 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 increase in value of the Trust Property.
- The lower trust expenses are due to lower professional fees incurred.
- The lower borrowing costs incurred is due to lower actual interest rates and the partial repayment of the short term loan.

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Distribution Statement for the quarter ended 30 June 2006

Notes	Actual	Projection	Increase /	Actual	Projection	Increase /
	01/04/06 to 30/06/06	01/04/06 to 30/06/06 (Note a)	(Decrease)	01/01/06 to 30/06/06 (Note a)	01/01/06 to 30/06/06	(Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net income before tax	11,967	10,823	11%	23,698	21,527	10%
Non-tax deductible / (chargeable) items:						
Amortisation of transaction costs	193	173	12%	386	344	12%
Management fees payable in units	1,008	983	3%	2,008	1,955	3%
Non-tax deductible interest expense	74	51	45%	132	102	29%
Other adjustments (b)	382	368	4%	746	731	2%
Accretion of tenancy deposit and retention sum stated at amortised cost (c)	8	-	NM	281	-	NM
Income currently available for (d)	13,632	12,398	10%	27,251	24,659	11%

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 April 2006 to 30 June 2006 and for the half year from 1 January 2006 to 30 June 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 Financial Reporting Standard ("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 30 June 2006

Gross revenue was higher than Projection mainly due to higher rental rates achieved for renewals and new committed leases. The lower property and non property expenses were mainly due to lower than projected expenditure for leasing and property maintenance, trust expenses and borrowing costs.

As a result, net income before tax was \$12.0 million, 11% above Projection. Adjusting for the non-tax deductible/chargeable items, income available for distribution is \$13.6 million, 10% higher than Projection. This works out to 1.44 cents per unit, 10% higher than the 1.31 cents projection.

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 by 7.5% in the second quarter of 2006 (advance estimates based on actual April and May data) compared to the same period in 2005. For the first half of 2006, GDP growth is estimated at 9.1%. This put the Singapore economy firmly on track to achieve the projected MTI growth of 5 to 7% for the full year in 2006.

Office demand continued to be strong in 2006. Broad-based growth of the economy, with the financial services sector being the main driver, and buoyant business sentiment have contributed to the higher occupancy levels and rents. As at end June 2006, average prime office rents rose to \$6.00¹ psf per month, reflecting an increase of 7.1% quarter-on-quarter. The new supply of office space from the second half of 2006 to 2010 will average only 0.6 million square feet per annum. Office take-up is projected to be above two million square feet for 2006¹ and with tenant demand expected to remain strong, the limited supply over the next five years could start to impact occupiers' ability to accommodate space expansion. Tenants looking for office space may have to face up to higher rents across all office grades. Prime office rent is projected to increase to \$7.00¹ psf per month by the end of 2006.

Leasing demand in the second quarter continued to be strong for retail space. Growing confidence in the retail market from luxury retailers was evident from the market activities in the luxury goods segment. Target sales for the Great Singapore Sale (26 May 2006 to 23 July 2006) is \$5.2 billion, an increase of 4% over last year \$5.0 billion. Prime retail rent in Orchard Road rose 0.9% over the first quarter to \$33.60¹ psf per month. Sentiment is positive from the healthy economic growth and increase in tourist arrivals. Supply of prime retail space continues to be tight in Orchard Road.

¹ CB Richard Ellis Press 2nd Quarter Singapore Market View

Outlook for the financial year ending 31 December 2006

Barring any unforeseen circumstances, the Manager of MMP REIT is optimistic of the prospect of delivering at least the projected distribution per unit for FY 2006 as stated in the Prospectus.

Financial Statements Announcement For The Second Quarter Ended 30 June 2006

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution:	Second quarter distribution for the period from 1 April 2006 to 30 June 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:	29 August 2006
(d) Books Closure Date:	1 August 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
AS MANAGER OF MACQUARIE MEAG PRIME REAL ESTATE INVESTMENT TRUST**

**Rudi Chuan
Company Secretary
24-Jul-06**