

**Macquarie MEAG Prime Real Estate Investment Trust  
Financial Statements Announcement  
For The Financial Period From 1 January 2007 to 31 March 2007**

These financial statements for the quarter from 1 January 2007 to 31 March 2007 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 into 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 mainboard of 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").

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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 31 March 2007**

	Notes	Actual	Actual	Increase /
		01/01/07 to 31/03/07	01/01/06 to 31/03/06	(Decrease)
		S\$'000	S\$'000	%
<b>Gross revenue</b>	(a)	<b>23,378</b>	<b>22,464</b>	<b>4%</b>
Maintenance and sinking fund contributions		(1,337)	(1,337)	0%
Property Manager's fee	(b)	(701)	(674)	4%
Property tax		(2,176)	(2,147)	1%
Other property expenses	(c)	(1,914)	(990)	93%
<b>Property expenses</b>		<b>(6,128)</b>	<b>(5,148)</b>	<b>19%</b>
<b>Net property income</b>		<b>17,250</b>	<b>17,316</b>	<b>0%</b>
Interest income		75	88	(15%)
Accretion of tenancy deposit and retention sum stated at amortised cost	(d)	(113)	(273)	(59%)
Goodwill payments	(e)	(750)	-	NM
Management fees	(f)	(1,880)	(1,666)	13%
Trust expenses	(g)	(295)	(382)	(23%)
Borrowing costs		(3,352)	(3,352)	0%
<b>Non property expenses</b>		<b>(6,315)</b>	<b>(5,585)</b>	<b>13%</b>
<b>Net income before tax</b>		<b>10,935</b>	<b>11,731</b>	<b>(7%)</b>
<b>Income tax expense</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income after tax</b>		<b>10,935</b>	<b>11,731</b>	<b>(7%)</b>

**Footnotes:**

*NM - Not meaningful*

- (a) 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.
- (b) 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.
- (c) The higher sum of other property expenses for the quarter is mainly due to higher commission paid for new and renewal leases, which was transacted at higher rentals. Tenancy costs also increased arising from re-positioning of the tenant mix. In addition, there was a depreciation charge for the escalator installation linking the Wisma Atria basement level to Orchard Road level following the closure of the basement MRT linkway on 30 September 2006.
- (d) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard ("FRS") 39. The lower amount in 2007 is due to the shorter period of the average lease expiry compared to 2006.
- (e) The goodwill payments were made to tenants for operating under the circumstances related to the closure of the Orchard MRT linkway to Wisma Atria on 30 September 2006.
- (f) 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 fee is due to the increase in the value of the Trust Property.
- (g) The lower trust expenses are due to lower professional fees incurred.

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**Distribution Statement**

	Notes	Actual	Actual
		01/01/07 to 31/03/07	01/01/06 to 31/03/06
		S\$'000	S\$'000
<b>Net income before tax</b>		<b>10,935</b>	<b>11,731</b>
Non-tax deductible / (chargeable) items:			
Amortisation of transaction costs		188	193
Management fees paid / payable in units		1,128	1,000
Non-tax deductible interest expense		51	58
Other adjustments	(a)	1,573	364
Accretion of tenancy deposit and retention sum stated at amortised cost	(b)	113	273
<b>Income available for distribution</b>		<b>13,988</b>	<b>13,619</b>

**Footnotes:**

- (a) Other adjustments include the Trustee's fee, sinking fund contributions and goodwill payments to tenants. The higher amount in 2007 is mainly due to the goodwill payment of \$750,000 and depreciation of \$376,000.
- (b) 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**

	Notes	Actual	Actual
		31/03/07	31/12/06
		S\$'000	S\$'000
<b>Assets</b>			
Investment properties	(a)	1,498,000	1,498,000
Plant & machinery and renovations		3,099	3,431
Trade and other receivables		3,449	4,201
Cash		20,486	20,122
<b>Total assets</b>		<b>1,525,034</b>	<b>1,525,754</b>
<b>Liabilities</b>			
Trade and other payables	(b)	(42,062)	(39,093)
Borrowings (net of transaction costs)		(386,389)	(388,200)
<b>Total liabilities (excluding net assets attributable to Unitholders)</b>		<b>(428,451)</b>	<b>(427,293)</b>
<b>Net assets attributable to unitholders</b>		<b>1,096,583</b>	<b>1,098,461</b>

**Footnotes:**

- (a) The investment properties were valued by Cushman & Wakefield (S) Pte Ltd at \$1,498 million on 31 December 2006.
- (b) The increase in 2007 is mainly due to increase in security deposits, advance rental received and on-going property operating expenses. Payables also include an amount of \$13.7 million which forms part of the consideration for the investment properties retained under the sale & purchase agreement in respect of Wisma Atria.

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

	Notes	Actual 31/03/07 S\$'000	Actual 31/12/06 S\$'000
<b>Secured borrowings</b>	(a)		
Amount repayable within one year		9,000	11,000
Amount repayable after one year		380,000	380,000
		<b>389,000</b>	<b>391,000</b>

**Footnotes:**

- (a) MMP REIT has in place secured facilities of \$410 million comprising a \$380 million term loan facility for a tenor of 5 years and a revolving credit facility of \$30 million ("RCF") for a tenor of one year (with an option to renew for a period of one year at the option of the lender and subject to payment of a renewal fee). The term loan is repayable after 5 years from 20 September 2005. Currently there is an amount of \$9 million outstanding under the RCF.

The facilities are secured on the following:

- A first legal mortgage on the 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 Properties;
- An assignment of MMP REIT's rights, title and interest in the tenancy documents and proceeds in connection with the Properties;
- An assignment of MMP REIT's rights, title and interest in the insurance policies in relation to the Properties; and
- A fixed and floating charge over the assets of MMP REIT in relation to the Properties, agreements and collateral, as required by the financial institution granting the facilities.

**1 (c) Cash flow statement**

	Notes	Actual 01/01/07 to 31/03/07 S\$'000	Actual 01/01/06 to 31/03/06 S\$'000
<b>Operating activities</b>			
Net income before tax		10,935	11,731
<b>Adjustments for</b>			
Interest income		(75)	(88)
Depreciation		376	-
Accretion of tenancy deposit and retention sum stated at amortised cost	(a)	113	273
Borrowing costs		3,352	3,352
Management fees paid / payable in units		1,128	1,000
Operating income before working capital changes		15,829	16,268
Changes in working capital			
Trade and other receivables		747	355
Trade and other payables		2,856	379
<b>Cash generated from operating activities</b>		<b>19,432</b>	<b>17,002</b>
<b>Investing activities</b>			
Plant & machinery and renovations		(43)	-
Interest received		80	117
<b>Cash flows from investing activities</b>		<b>37</b>	<b>117</b>
<b>Financing activities</b>			
Borrowing costs paid		(3,164)	(3,165)
Proceeds from borrowings		14,000	
Repayment of borrowings		(16,000)	(5,000)
Distributions paid to unitholders		(13,941)	(14,918)
<b>Cash flows from financing activities</b>		<b>(19,105)</b>	<b>(23,083)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>364</b>	<b>(5,964)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>20,122</b>	<b>25,479</b>
<b>Cash and cash equivalents at end of the period</b>		<b>20,486</b>	<b>19,515</b>

**Footnotes:**

- (a) Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with FRS 39.

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

	Notes	Actual 01/01/07 to 31/03/07 S\$'000	Actual 01/01/06 to 31/03/06 S\$'000
<b>Balance as at beginning of period</b>		1,098,461	931,490
<b>Operations</b>			
Net income after tax		10,935	11,731
<b>Net increase in net assets resulting from operations</b>		<b>10,935</b>	<b>11,731</b>
<b>Unitholders' transactions</b>			
Management fees payable in units to be issued	(a)	1,128	1,000
Distribution to unitholders	(b)	(13,941)	(14,918)
<b>Net decrease in net assets resulting from Unitholders' transactions</b>		<b>(12,813)</b>	<b>(13,918)</b>
<b>Balance as at end of period</b>		<b>1,096,583</b>	<b>929,303</b>

**Footnotes:**

- (a) These are the 932,968 units to be issued to the Manager by 30 April 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 31 March 2007.
- (b) Distribution for first quarter 2007 was for the period 1 October 2006 to 31 December 2006 paid in February 2007. Distribution for first quarter 2006 was for the period 20 September 2005 (date of listing) to 31 December 2005 paid in February 2006.

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

	Notes	Actual 01/01/07 to 31/03/07 Units	Actual 01/01/06 to 31/03/06 Units
<b>Issued units at the beginning of the period</b>		947,375,680	943,000,000
Management fees issued in units		1,000,019	1,197,624
<b>Issued units at the end of the period</b>		<b>948,375,699</b>	<b>944,197,624</b>
Management fees payable in units (performance fee)	(a)	-	414,448
Management fees payable in units to be issued (base fee)	(b)	932,968	1,050,044
<b>Total issued and issuable units at the end of the period</b>		<b>949,308,667</b>	<b>945,662,116</b>

**Footnotes:**

- (a) There is no performance fee for the first quarter ended 31 March 2007 as Performance Fee is calculated on a half yearly basis.
- (b) The management fees payable in units comprise 932,968 units to be issued to the Manager by 30 April 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 31 March 2007.

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- 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 Singapore Standard on Review Engagements 2410 : Review of Interim Financial Information Performed by the Independent Auditor of the Entity.
- 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 01/01/07 to 31/03/07	Actual 01/01/06 to 31/03/06
	Notes		
Weighted average number of units	(a)	948,386,065	944,623,739
Earnings per unit for the period based on the weighted average number of units in issue (cents)		1.15	1.24
Number of units issued and issuable at end of period		949,308,667	945,247,668
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	(b)	1.47	1.44

**Footnotes:**

- (a) The actual weighted average number of units used for computation of EPU for the period from 1 January 2007 to 31 March 2007 is 948,386,065. This comprises:
- (i) Weighted average number of units in issue of 948,375,699; and
- (ii) Weighted average number of units issuable to the Manager of 10,366.
- (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 2007 of 948,375,699;
- (ii) The units issuable to the Manager as full satisfaction of management fee incurred for the period from 1 January 2007 to 31 March 2007 of 932,968.

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

		Actual 31/03/07	Actual 31/12/06
	Notes		
Net asset value per unit (S\$)	(a)	1.16	1.16

**Footnotes**

- (a) The number of units used for computation of NAV per unit is 949,308,667. This comprises:
- (i) The number of units in issue as at 31 March 2007 of 948,375,699;
- (ii) The units issuable to the Manager as full satisfaction of management fee (base fee) incurred for the quarter ended 31 March 2007 of 932,968.

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**8 Review of the performance**

**Statement of Total Return and Distribution**

**Statement of Total Return for the Quarter ended 31 March 2007**

	Actual 01/01/07 to 31/03/07	Actual 01/01/06 to 31/03/06	Increase / (Decrease)
	S\$'000	S\$'000	%
<b>Gross revenue</b>	<b>23,378</b>	<b>22,464</b>	<b>4%</b>
<b>Property expenses</b>	<b>(6,128)</b>	<b>(5,148)</b>	<b>19%</b>
<b>Net property income</b>	<b>17,250</b>	<b>17,316</b>	<b>0%</b>
<b>Non property expenses</b>	<b>(6,315)</b>	<b>(5,585)</b>	<b>13%</b>
<b>Net income</b>	<b>10,935</b>	<b>11,731</b>	<b>(7%)</b>
Non tax deductible expenses	3,053	1,888	62%
<b>Net income available for distribution</b>	<b>13,988</b>	<b>13,619</b>	<b>3%</b>

Gross revenue was higher in the current quarter due mainly to higher rental rates achieved for renewals and new committed leases. Property expenses were also higher due to increase in commission for new and renewal leases, tenancy costs and depreciation for the escalator installation linking the Wisma Atria basement level to Orchard Road level following the closure of the basement MRT Linkway on 30 September 2006. Higher management fees and goodwill payment accounted for the increase in non property expenses for the current quarter.

As a result, net income before tax for the current quarter was \$10.9 million, 7% below Q106 net income. However as some of the additional expenses incurred were not tax deductible, this has resulted in an overall increase in net distributable income by 3%.

**9 Variance between forecast and the actual results**

MMP REIT has not disclosed any forecast to the market.

## Financial Statements Announcement

### For The Financial Period From 1 January 2007 to 31 March 2007

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**10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Ministry of Trade and Industry reported that Singapore's economy grew by 6.0% in the first quarter of 2007 (advance estimates based on actual January and February data) compared with the same period in 2006. For the whole of 2007, the Monetary Authority of Singapore forecast the GDP growth in 2007 to be between 4.5% to 6.5%.

Average prime retail rent rose 1.0% in Orchard Road to \$34.80<sup>1</sup> psf per month in the first quarter 2007, while island wide prime rental index rose 1.3%. Island wide retail occupancy is expected to be 93% for most of 2007. Prime rent in Orchard is expected to increase by 4%-7% for the year.

Prime average office rent rose 10.1% in the quarter and 53.6% year on year to \$8.60<sup>1</sup> psf per month in Q1 2007. Prime office space continues to be tight, in particular the core Central Business District area. Vacancy rate of Grade A office space declined further from 0.8% in Q4 2006 to 0.4%<sup>1</sup> in Q1 2007, while vacancy rate in the fringe CBD area (which includes the Orchard Road area) fell from 6.9% in Q4 2006 to below 5% in Q1 2007.

1. CB Richard Ellis First Quarter 2007 Singapore Market View

**Outlook for the financial year ending 31 December 2007**

The Manager expects MMP REIT to benefit from proactive strategies in the management of the assets and the continuing economic growth in FY 2007. The Manager has announced on 10 April 2007, that MMP REIT has entered into conditional sale and purchase agreements to buy seven properties in Tokyo, Japan. These acquisitions are yield-accretive and will contribute positively to the distribution to unitholders. The Manager expects to make additional acquisitions in the near future.



## Financial Statements Announcement For The Financial Period From 1 January 2007 to 31 March 2007

### 11 Distributions

#### (a) Current financial period

Any distributions declared for the current financial period :	Yes
Name of distribution:	First quarter distribution for the period from 1 January 2007 to 31 March 2007.
Distribution type:	Taxable income
Distribution rate:	1.47 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 :	Yes
Name of distribution:	First quarter 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).

#### Footnotes:

NA- Not applicable

(c) **Date payable:** 30 May 2007

(d) **Books Closure Date:** 2 May 2007

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

Not applicable

#### 13 Directors' confirmation

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results as at 31 March 2007 and the results for the three months ended on that date, to be false or misleading.

On behalf of the Board

Stephen Girdis  
Chairman

Franklin Heng  
Chief Executive Officer/Director

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

*Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.*

**By ORDER OF THE BOARD  
MACQUARIE PACIFIC STAR PRIME REIT MANAGEMENT LIMITED  
AS MANAGER OF MACQUARIE MEAG PRIME REAL ESTATE INVESTMENT TRUST**

**Christine M. Chan  
Company Secretary  
23 April 2007**