



MACQUARIE MEAG PRIME REIT

Macquarie  Pacific Star

Financial Results For Second Quarter
1 April 2006 – 30 June 2006

24 July 2006





This presentation has been prepared by Macquarie Pacific Star Prime REIT Management Limited as Manager of Macquarie MEAG Prime REIT (“MMP REIT”). This presentation contains comparative information between actual results versus projections outlined in MMP REIT IPO Prospectus dated 13 September 2005. This should be read in conjunction with MMP REIT’s financial results announced on SGXNET on 24 July 2006. Past performance is not an indication of future performance. This presentation does not contain investment advice nor is it an offer to invest in MMP REIT units.

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In relation to the initial public offering of MMP REIT units in September 2005, the joint financial advisors were DBS Bank Ltd (“DBS Bank”), J.P. Morgan (S.E.A.) Limited (“JP Morgan”) and Macquarie Securities (Asia) Pte Limited. The joint lead underwriters and bookrunners were DBS Bank, Deutsche Bank AG, Singapore Branch, JP Morgan and Macquarie Securities (Singapore) Pte. Limited.



- **Financial Highlights**
- Portfolio Performance Update
- Portfolio Growth Strategy



DPU of 1.44 cents exceeded IPO Projection by 9.9%

Period: 1 Apr - 30 Jun 2006	Actual	IPO Projection	% Change
Gross Revenue	\$22.4 mil	\$21.9 mil	↑ 2.3%
Net Property Income	\$17.3 mil	\$16.6 mil	↑ 4.2%
Distributable Income	\$13.6 mil	\$12.4 mil	↑ 9.7%
DPU	1.44 cents ⁽¹⁾	1.31 cents	↑ 9.9%

Note:

1. The computation of actual DPU is based on number of units entitled for distributions comprising: (a) number of units in issue as at 30 June 2006 of 945,243,384 units; and (b) units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for 2Q 2006 of 1,111,808 units



Half year DPU 10.8% higher than IPO Projection

Period: 1 Jan - 30 Jun 2006	Actual	IPO Projection	% Change
Gross Revenue	\$44.9 mil	\$43.6 mil	↑ 3.0%
Net Property Income	\$34.7 mil	\$32.9 mil	↑ 5.5%
Distributable Income	\$27.3 mil	\$24.7 mil	↑ 10.5%
DPU	2.88 cents	2.60 cents	↑ 10.8%



DPU	Actual DPU	Forecast DPU	Annualised Actual DPU	Outperformance
<ul style="list-style-type: none"> ▪ 2Q 2006 (1 Apr – 30 Jun 2006) 	1.44 cents	1.31 cents	5.78 cents	↑ 9.9%
<ul style="list-style-type: none"> ▪ 1Q 2006 (1 Jan – 31 Mar 2006) 	1.44 cents	1.29 cents	5.84 cents	↑ 11.6%
<ul style="list-style-type: none"> ▪ 1H 2006 (1 Jan – 30 Jun 2006) 	2.88 cents	2.60 cents	5.81 cents	↑ 10.8%
<ul style="list-style-type: none"> ▪ FY 2005 (20 Sept – 31 Dec 2005) 	1.58 cents	1.41 cents	5.60 cents	↑ 12.1%

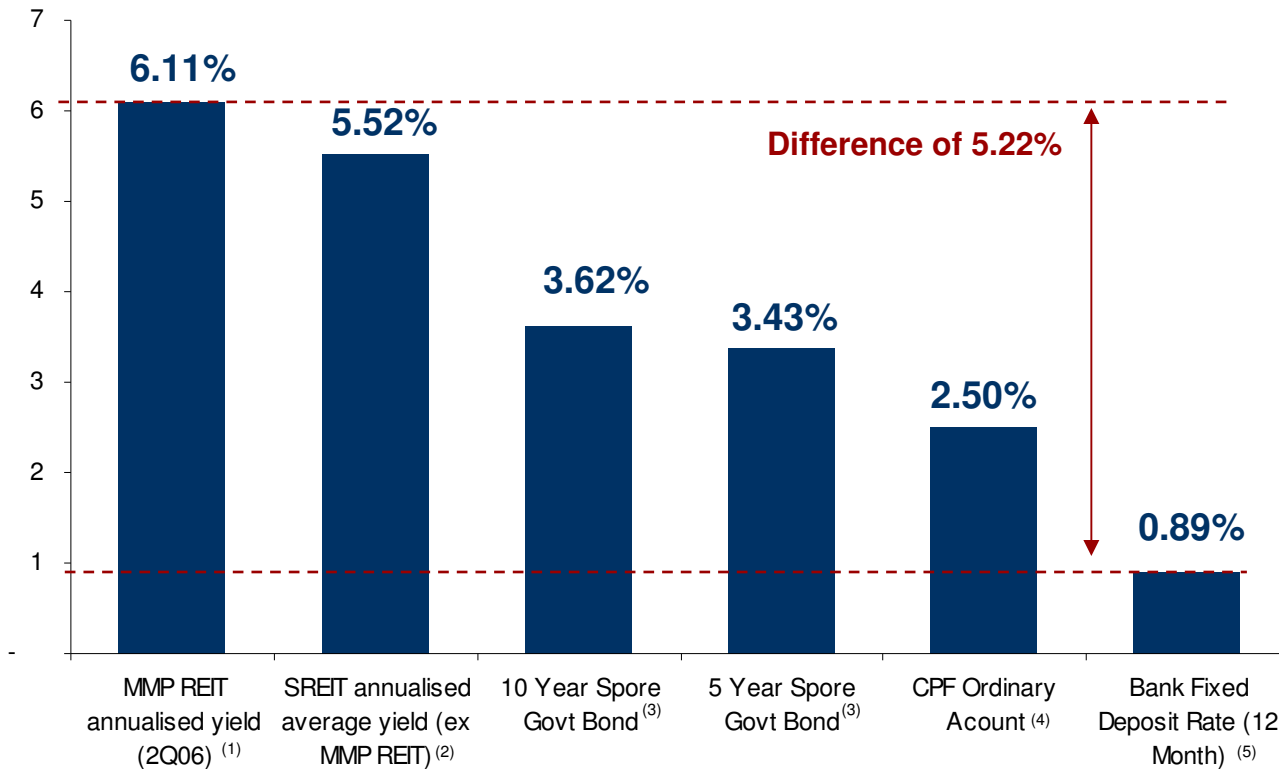


\$'000	Actual	IPO Projection	% Change
Gross Revenue	22,404	21,898	2.3%
Less: Property Expenses	(5,064)	(5,337)	(5.1%)
Net Property Income	17,340	16,561	4.7%
Less: Fair Value Adjustment ⁽¹⁾	(8)	-	n.m.
Borrowing Costs	(3,347)	(3,562)	(6.0%)
Other Trust Expenses	(2,018)	(2,176)	(7.3%)
Net Income Before Tax	11,967	10,823	10.6%
Add: Non-Tax Deductibles	1,665	1,575	5.7%
Distributable Income	13,632	12,398	10.0%
DPU	1.44 cents	1.31 cents	9.9%

- Gross revenue and NPI exceeded forecast by 2.3% and 4.7% respectively
- Actual property expense to revenue ratio of 22.6% when compared to 24.4% forecasted – actual expense ratio fairly consistent with 1Q 2006 (22.9%)

Notes:

1. Being accretion of tenancy deposit and retention sum stated at amortised cost in accordance with Financial Reporting Standard 39. Such a financial adjustment has no impact on the DPU
2. n.m. - not meaningful

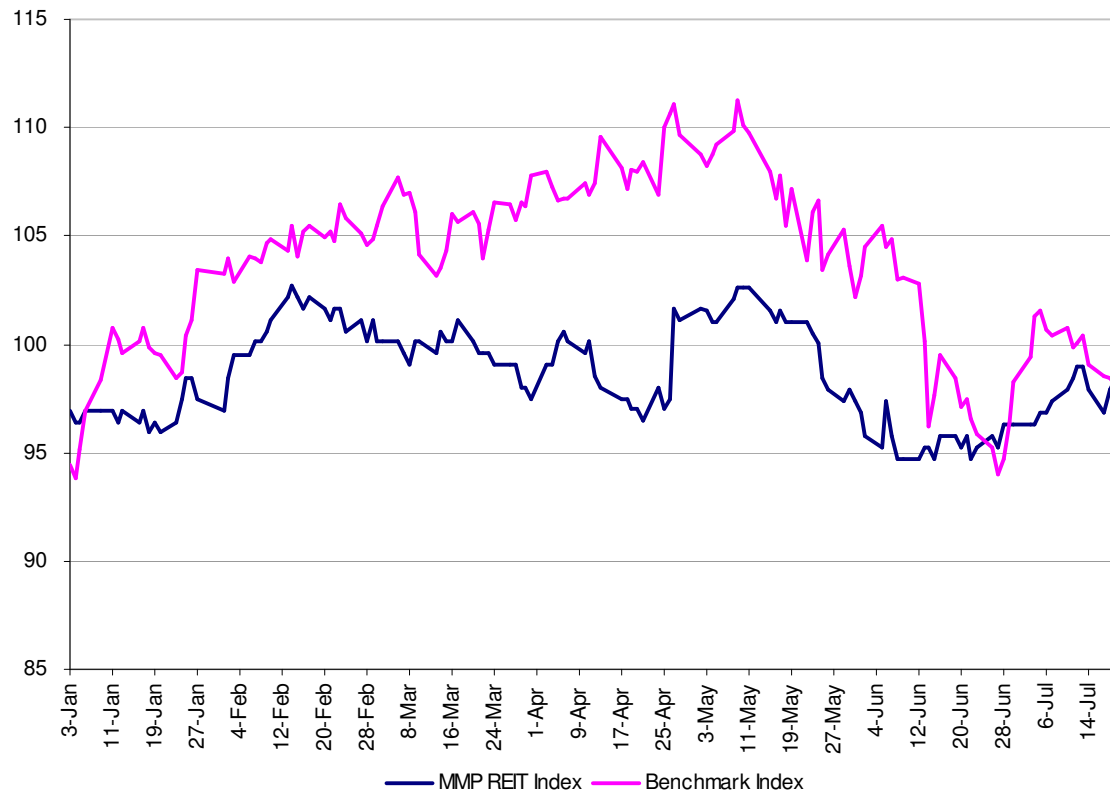


Notes:

1. Based on MMP REIT's closing price of \$0.945 per unit as at 21 Jul 06 and distribution of 1.44 cents per unit for 2Q 2006
2. SREITs 2006F DPU per Merrill Lynch research report (27 Jun 06) or the SREIT's IPO prospectus
3. As at 21 Jul 06 (Source: Singapore Government Securities website)
4. Based on interest paid on Central Provident Fund (CPF) ordinary account from Jul to Sept 06 (Source: CPF website)
5. As at June 06 (Source: Monetary Authority of Singapore website)



MMP REIT Index v Benchmark Index (from Jan to Jul 06)



Liquidity statistics

Last 3 months average daily trading volume (units)	1.8 mil
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Free float (as at 30 Jun 06)	65%
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Market cap (21 Jul 06)	\$894 mil
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- Performance fee not applicable
- Narrowing under-performance gap with Benchmark Index



Distribution Period

1 April to 30 June 2006

Distribution Amount

1.44 cents per unit

Distribution Timetable

Notice of Books Closure Date

24 July 2006

Last Day of Trading on “Cum” Basis

27 July 2006

Ex-Date

28 July 2006

Books Closure Date

1 August 2006

Distribution Payment Date

29 August 2006



- **Moody's Investors Service** assigned for the first time a **corporate family rating of Baa1** to MMP REIT; **outlook stable**
- Baa1 reflects MMP REIT's credit strengths:
 - **High quality of assets**
 - Solid operating margins
 - Strong occupancy statistics
 - Quality tenant base
 - **Strong management expertise**
 - Pro-active asset enhancement activities
 - Prudent capital management
- Rating provides MMP REIT the flexibility to fund acquisitions by raising debt up to 60% on a consolidated basis, as permitted under MAS guidelines
- MMP REIT's long term target optimal gearing ratio between 40% to 45%
- MMP REIT may raise gearing above this limit for short periods to secure strategic and opportunistic acquisitions quickly



As at 30 June 06	\$'000
CMBS	380,000
Revolving Credit Facilities	8,000
Total Debt	388,000
Gearing Ratio ⁽¹⁾	28.8%
Interest Cover	4.5 x
Weighted Average Interest Rate	3.2% p.a.
Debt Maturity - CMBS	Sept 2010

Note:

1. Based on deposited property

- CMBS is 100% hedged for both interest rate and FX for 5 years till September 2010
- 97.9% of total debt is fixed rate debt
- Rising interest rates will have minimal impact on existing debt
- Existing CMBS capacity not fully utilised, allowing the raising of cost effective new debt to fund acquisitions



As at 30 Jun 06	\$'000
Non Current Assets	1,327,000
Current Assets	20,673
Total Assets	1,347,673
Current Liabilities	(34,264)
Non Current Liabilities	(384,743)
Total Liabilities	(419,007)
Net Assets	928,666
Units In Issue ('000)	945,243

NAV statistics	
NAV Per Unit (as at 30 Jun 06) ⁽¹⁾	\$0.98
Adjusted NAV Per Unit ⁽¹⁾ (excluding distributable income)	\$0.97
Last traded price as at 21 Jul 06	\$0.945
Unit Price Discount To:	
▪ NAV Per Unit	(3.6)%
▪ Adjusted NAV Per Unit	(2.6)%

Note:

1. The number of units used for computation of actual NAV per unit is 946,769,640. This comprises: (a) number of units in issue as at 30 June 2006 of 945,243,384 units; (b) units issuable to the Manager as partial satisfaction of management fee (performance fee) for the period from 8 Aug to 31 Dec 2005 of 414,448 units; and (c) units issuable to the Manager as partial satisfaction of management fee (base fee) incurred for 2Q 2006 of 1,111,808 units

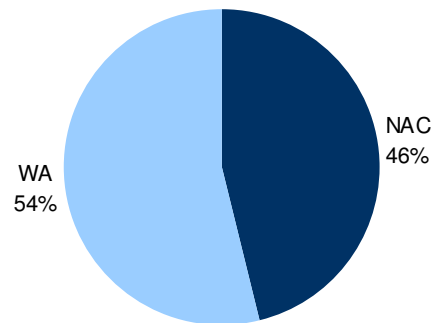


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- **Portfolio Performance Update**
- Portfolio Growth Strategy

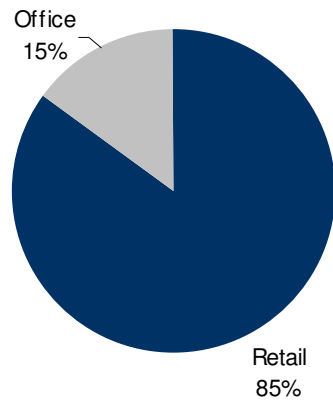


Portfolio

Gross Rent by Property (for the month of Jun 06)

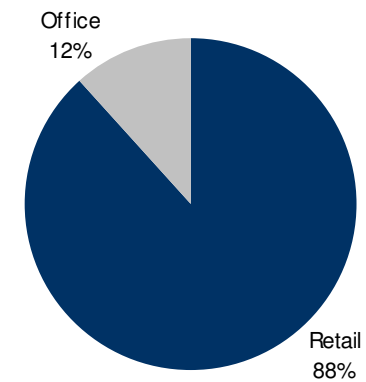


Gross Rent by Retail and Office (for month of Jun 06)

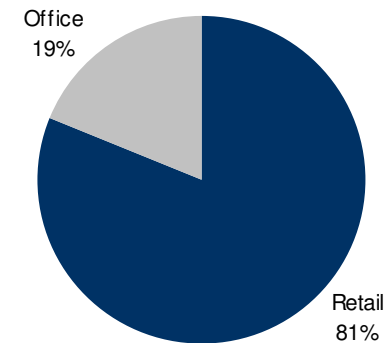


WA and NAC

WA Gross Rent by Retail and Office (for the month of Jun 06)



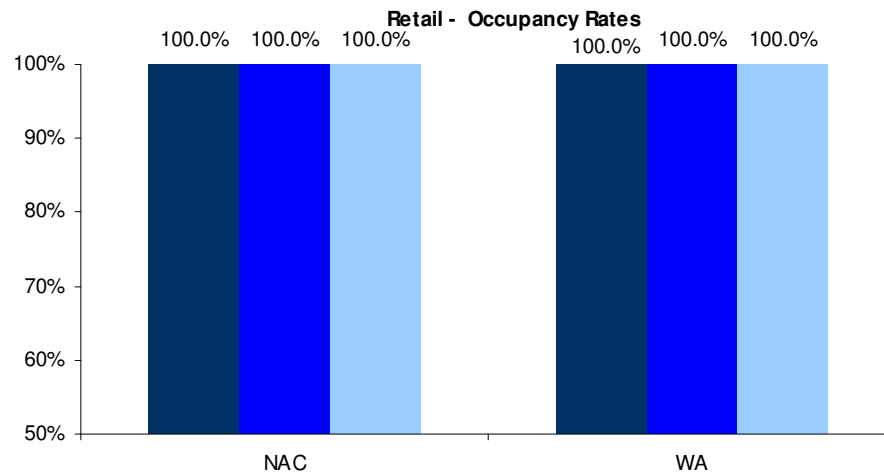
NAC Gross Rent by Retail and Office (for the month of Jun 06)





Retail Occupancy Remains Strong at 100%

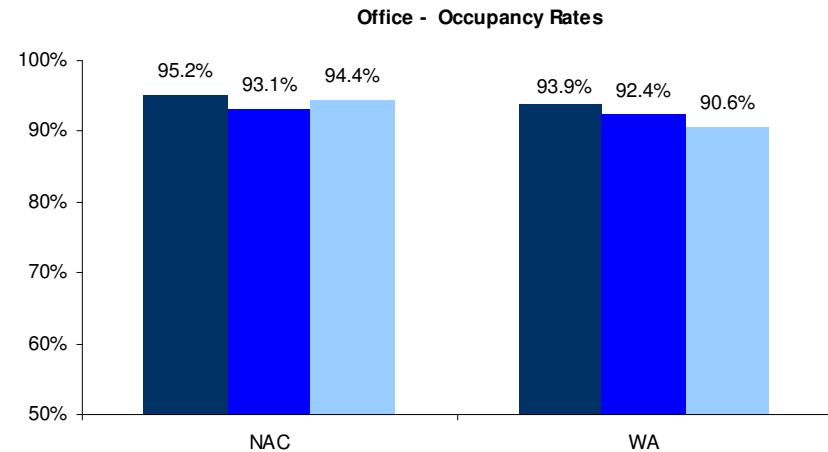
■ As at 30 Jun 06 ■ As at 31 Mar 06 ■ As at 31 Dec 05



- Strong retail leasing momentum continued in 2Q06 supported by positive economic sentiment, increase in tourist arrivals and strategic developments such as the Integrated Resorts which spurs foreign retailers like Massimo Dutti to use Singapore to expand into regional cities
- Supply of prime retail space continues to be tight in Orchard Road supported by buoyant demand

Office Occupancy Improves

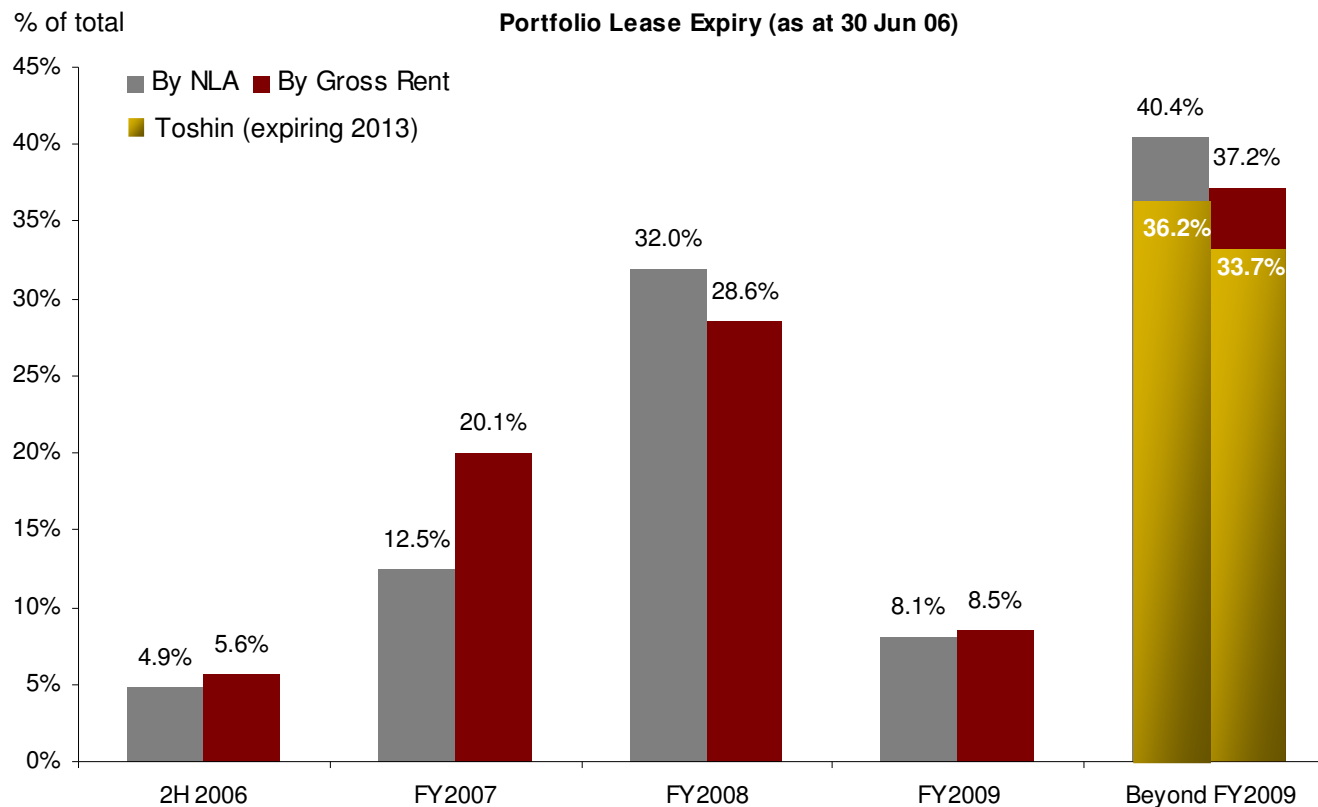
■ As at 30 Jun 06 ■ As at 31 Mar 06 ■ As at 31 Dec 05



- Tightening office supply and uptrend of office rents continued in 2Q06



Weighted Average Lease Term of 3.8 and 3.6 Years (by NLA and Gross Rent respectively)





Top 10 tenants contribute 52.5% of the Portfolio gross rent

Tenant	Property	Trade Sector	Lease Expiry	NLA (sq ft) ⁽³⁾	% of Portfolio Gross Rent ^(1,3)	% of Portfolio NLA ^(2,3)
Toshin Development Co Ltd	NAC	Master tenant	Jun 2013	225,969	33.7%	36.2%
Wing Tai Retail Pte Ltd	WA	Fashion	Nov 2006, Sep 2008, Oct 2008, May 2008	17,104	4.8%	2.7%
MWA Pte Ltd	WA	Food & Beverage	Sep 2011	23,121	2.4%	3.7%
G2000 Apparel (S) Pte Ltd	WA	Fashion	May 2007, Aug 2007	3,520	2.1%	0.6%
Fashion Retail Pte Ltd	WA	Fashion	Sep 2007	4,112	2.0%	0.7%
Metro Holdings Ltd	NAC	Office	Aug 2008	28,510	1.7%	4.6%
National Library Board	NAC	Library	Feb 2008	16,781	1.6%	2.7%
Gamut Marketing Pte Ltd	WA	Fashion	Oct 2008, Mar 2008, Oct 2007	3,638	1.4%	0.6%
RSH (Singapore) Pte Ltd	WA	Fashion	Mar 2007, Oct 2007	3,563	1.4%	0.6%
Giordano Originals (S) Pte Ltd	WA	Fashion	Oct 2007	1,733	1.3%	0.3%

Notes:

1. For the month of Jun 06
2. As at 30 Jun 06
3. Includes Affected Common Property



From 1 Jan to 30 Jun 06	Number	NLA (sq ft)	% of total NLA
New Leases	8	12,067	1.9%
Renewal Leases	17	38,438	6.2%
Total	25	50,505	8.1%

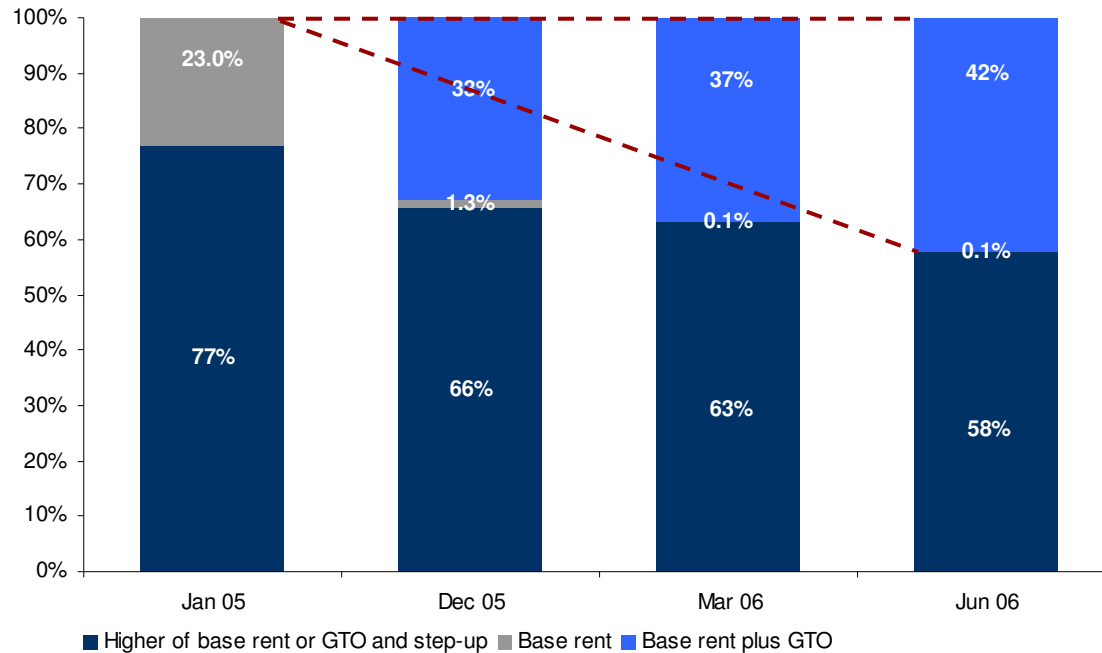
- High renewal rate of 76% (by NLA)
- Office leases accounted for 86% of new and renewal leases (by NLA)



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Lease Structure (by % of WA Retail NLA)



- Steady increase in variable rent structures through proactive lease management
- Scope for higher revenue as retailers boost sales and base rent not eroded



Wisma Atria remains highly sought after by popular brands

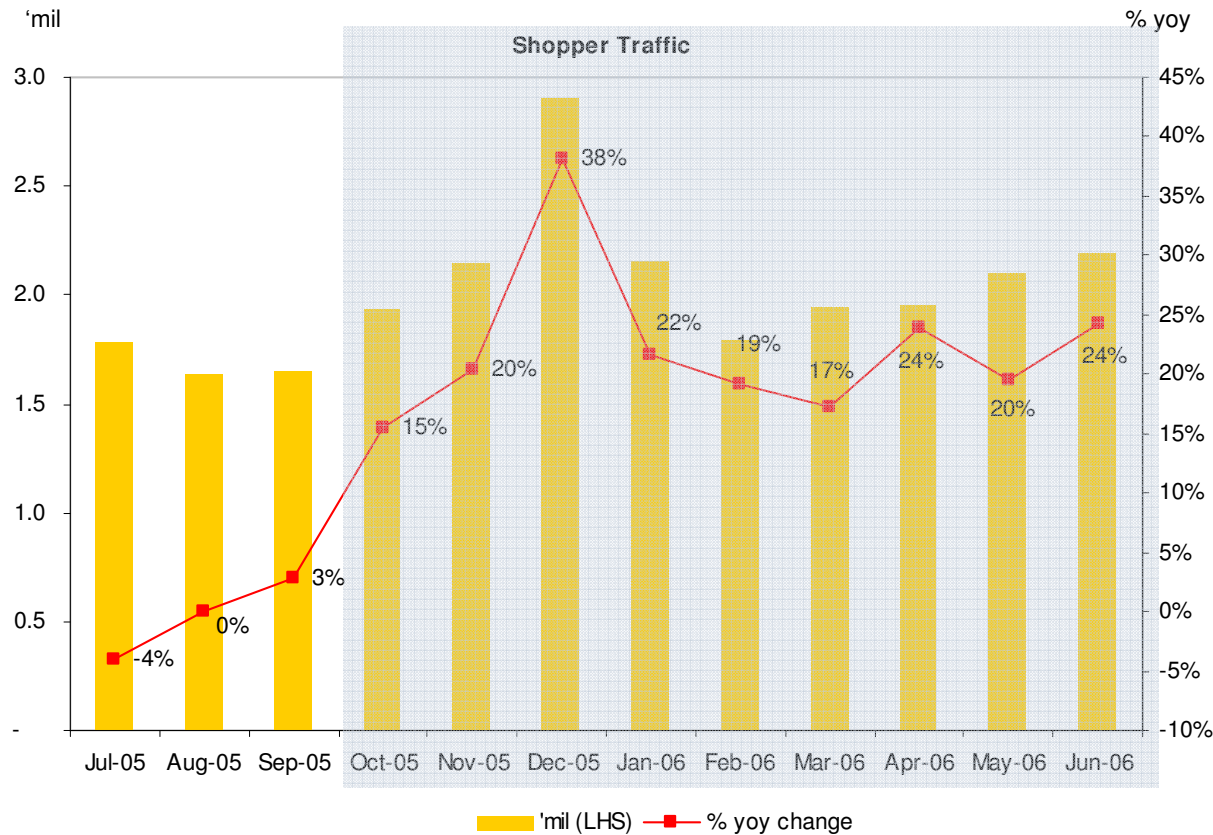
New retailers, revamped image

- Porter from Japan sets up its first shop in Singapore
- Starbucks Coffee opens at Level 3
- Rayure from Paris opens at Level 2
- Fornarina from Italy sets up its first shop in Singapore
- Existing tenant 'Warehouse' renovates for a more trendy look that appeals to the fashion conscious
- Pushcarts were introduced to enhance the shopping experience





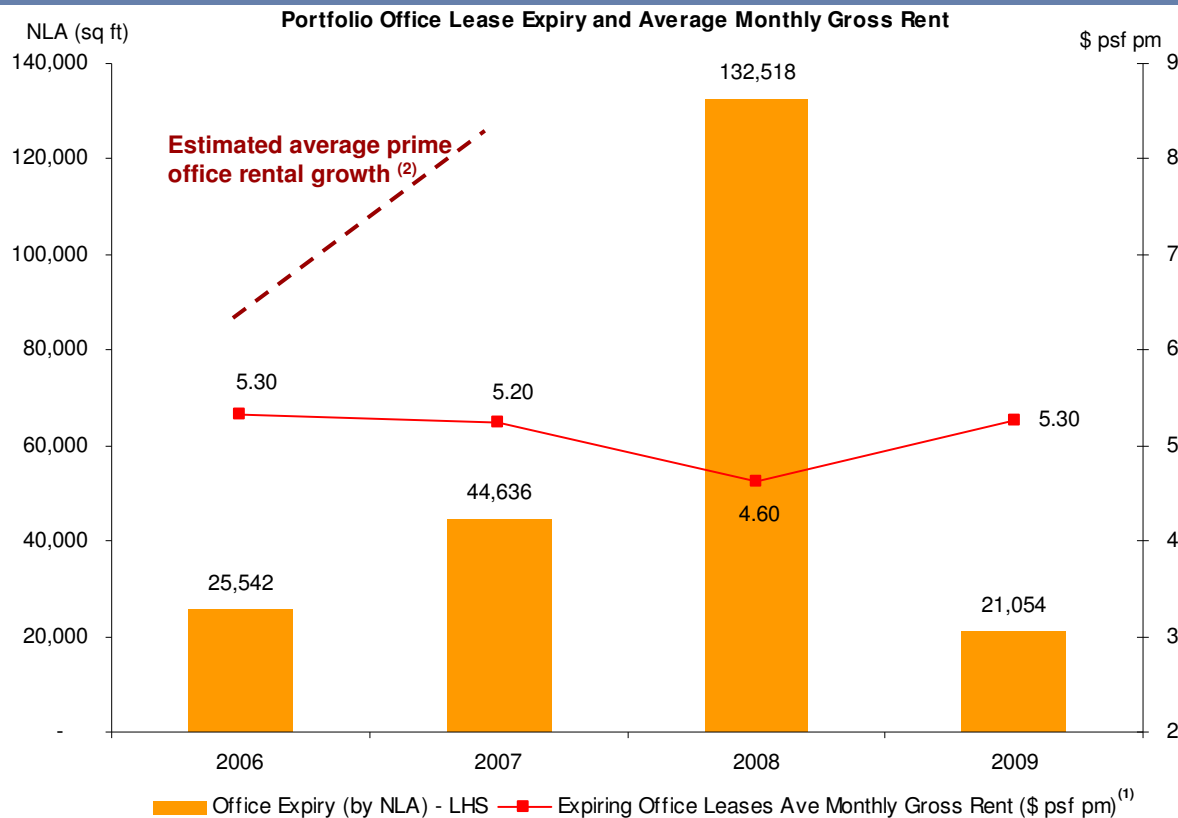
Rising shopper traffic at Wisma Atria is evidence of on-going retail enhancement efforts



- Shopper traffic increased by 21% in 1H 2006 compared to 1H 2005
- 2 mil average monthly shopper traffic in 1H 2006 versus 1.8 mil in FY 2005



Office passing rent increased by 5% in 2Q 2006 compared to 1Q 2006



- Expiring average monthly rents at least 10% lower than market rates

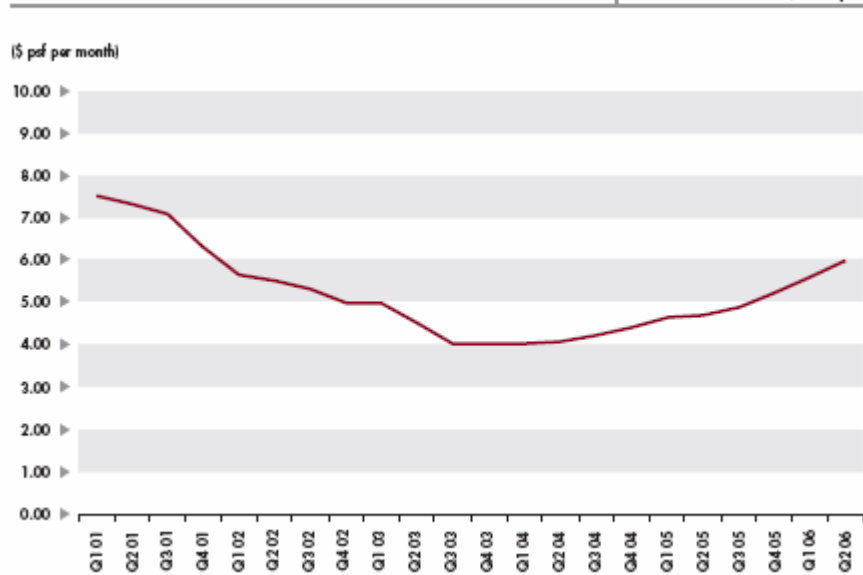
Notes:

1. Average monthly gross rent rounded to nearest cent
2. Colliers International Research Singapore
3. Passing rent based on weighted average rent



Singapore

AVERAGE PRIME OFFICE RENTS

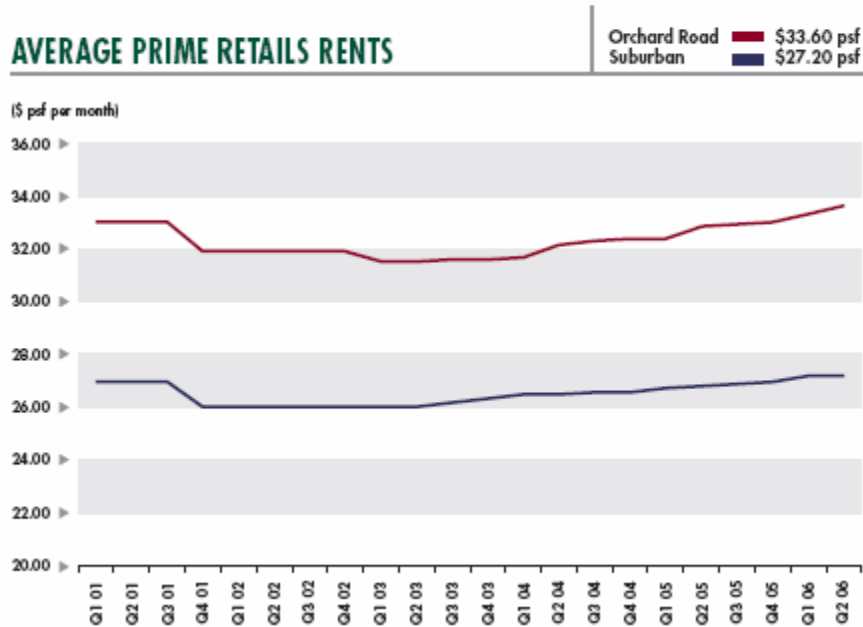


Source: CBRE, Market View Singapore, 2Q06

- Strong economic performance, buoyant business sentiments have contributed to the higher occupancy levels and rents
- Prime office rents rose from \$5.20 psf pm (end 05) to \$5.60 psf pm (end Mar 06) to \$6.00 psf pm (end Jun 06)
- With positive market conditions and limited quality office options, prime office rent is projected to increase to \$7.00 psf pm by end 2006 (revised from the previous estimate of \$6.50 psf pm in CBRE's 1Q06 report)
- Colliers predicted a 12% to 15% increase in the average monthly Grade A office rent from \$6.37 psf pm in 2Q 2006 in the second half of 2006 followed by another 15% increase for 2007



Singapore



Source: CBRE, Market View Singapore, 2Q06

- Healthy tourist arrivals, increased confidence and interest by both local and foreign retailers for quality space and the government's upward revision for 2006 GDP forecast will continue to bode well for prime retail market
- Supply of prime retail space in 2006 remains tight in Orchard Road as new supply will only come on-stream in 2008 and 2009
- CBRE remains positive about 2006 and expects prime rents to rise, particularly for Orchard Road



- 2Q 2006 results outperformed IPO Projection
- Delivered 2.88 cents in 1H 2006, 55% of 2006 forecast DPU of 5.25 cents
- Improved performance across retail and office portfolio
- Positive retail and office sector outlook
- Corporate rating of Baa1 reflects high quality of assets and provides operational and acquisition funding flexibility

On track to at least deliver 2006 forecast DPU barring unforeseen circumstances



1H 2006 means the period from 1 January to 30 June 2006

1Q 2006 means the period from 1 January to 31 March 2006

2Q 2006 means the period from 1 April to 30 June 2006

Actual (*unless otherwise stated*) means the results for the period from 1 April 2006 to 30 June 2006. All references to actual NLA and financial results of WA includes the Affected Common Property

Affected Common Property means WA common property of approx. 709 sq m (7,634 sq ft)

CMBS means Commercial Mortgaged Backed Securities

DPU means distribution per unit

FY means financial year, for the period from 1 January to 31 December

FY 2005 means the period from 20 September 2005 (MMP REIT's listing date) to 31 December 2005

GTO means gross turnover

IPO means initial public offering

IPO Forecast means figures derived from pro-rating the forecast for the 6 months ended 31 December 2005 disclosed in the IPO Prospectus for the period from 20 September 2005 to 31 December 2005

IPO Projection (*unless otherwise stated*) means figures derived by prorating the projection for the year ending 31 December 2006 disclosed in the IPO Prospectus for the period from 1 April 2006 to 30 June 2006 (for 2Q 2006) or 1 January 2006 to 30 June 2006 (for 1H 2006), where applicable

IPO Prospectus means MMP REIT IPO Prospectus dated 13 September 2005

NLA means net lettable area

NPI means net property income

psf pm means per square foot per month

WA and NAC mean respectively the Wisma Atria Property and the Ngee Ann City Property as defined in the IPO Prospectus (collectively, the "Portfolio")

All values are expressed in Singapore currency unless otherwise stated



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End of Presentation

The background of the slide is a photograph of the Ngee Ann City building in Singapore, featuring a large sign with the Chinese characters "義安城" and "NGEE ANN CITY". The image is overlaid with a semi-transparent blue filter.

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