Macquarie Pacific Star

MACQUARIE

Macquarie MEAG Prime Real Estate Investment Trust
Financial Statements Announcement
For the Second Quarter Ended 30 June 2007

Macquarie MEAG Prime REIT

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.

The principal activities of MMP 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 the net asset value per unit.

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 "Singapore Properties").

On 30 May 2007, MMP REIT completed its acquisition of six properties in Tokyo, Japan, (Fund Creation Portfolio) for a total purchase price of Yen 8,727 million. The purchase price and acquisition costs of the Fund Creation Portfolio have been fully funded by debt.

SUMMARY OF MMP REIT RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Actual 01/01/07 to 30/06/07	Actual 01/01/06 to 30/06/06	Increase / (Decrease)
	S$'000	S$'000	%
Gross revenue	47,011	44,868	5%
Net property income	35,193	34,656	2%
Net income available for distribution	28,260	27,251	4%
	Cents per Unit		
Distribution per Unit ("DPU")			
For the quarter from 1 April 2007 to 30 June 2007	1.50	1.44	4%
For the six months from 1 January 2007 to 30 June 2007	2.97	2.88	3%
Annualised (based on the six months to 30 June 2007)	5.99	5.81	3%

DISTRIBUTION DETAILS

Distribution period	1 April 2007 to 30 June 2007
Distribution amount	1.50 cents per unit
Books closure date	6 August 2007
Payment date	29 August 2007

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

Consolidated Statement of Total Return for the Quarter ended 30 June 2007

	Notes	Actual 01/04/07 to 30/06/07 S$'000	Actual 01/04/06 to 30/06/06 S$'000	Increase / (Decrease) %	Actual 01/01/07 to 30/06/07 S$'000	Actual 01/01/06 to 30/06/06 S$'000	Increase / (Decrease) %
Gross revenue	(a)	**23,633**	**22,404**	**5%**	**47,011**	**44,868**	**5%**
Maintenance and sinking fund contributions		(1,352)	(1,337)	1%	(2,689)	(2,674)	1%
Property Manager's fee	(b)	(714)	(672)	6%	(1,415)	(1,346)	5%
Property tax		(2,116)	(2,152)	(2%)	(4,292)	(4,299)	(0%)
Other property expenses	(c)	(1,508)	(903)	67%	(3,422)	(1,893)	81%
Property expenses		**(5,690)**	**(5,064)**	**12%**	**(11,818)**	**(10,212)**	**16%**
Net property income		**17,943**	**17,340**	**3%**	**35,193**	**34,656**	**2%**
Interest income		61	82	(26%)	136	170	(20%)
Accretion of tenancy deposit and retention sum stated at amortised cost	(d)	60	(8)	(850%)	(53)	(281)	(81%)
Goodwill payments	(e)	-	-	NM	(750)	-	NM
Management fees	(f)	(2,056)	(1,680)	22%	(3,936)	(3,346)	18%
Performance fee		-	-	NM	-	-	NM
Trust expenses	(g)	(273)	(420)	(35%)	(568)	(802)	(29%)
Borrowing costs	(h)	(3,683)	(3,347)	10%	(7,035)	(6,699)	5%
Non property expenses		**(5,891)**	**(5,373)**	**10%**	**(12,206)**	**(10,958)**	**11%**
Net income before tax		**12,052**	**11,967**	**1%**	**22,987**	**23,698**	**(3%)**
Change in fair value of derivative instruments - unrealised	(i)	1,290	-	NM	1,290	-	NM
Change in fair value of investment properties	(j)	110,000	-	NM	110,000	-	NM
Total return for the period before tax and distribution		**123,342**	**11,967**	**931%**	**134,277**	**23,698**	**467%**
Income tax expense	(k)	(40)	-	NM	**(40)**	-	NM
Total return for the period after tax, before distribution		**123,302**	**11,967**	**930%**	**134,237**	**23,698**	**466%**

Footnotes:

(a) Gross revenue comprises gross rent and other revenue earned from investment 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 from the Singapore Properties and is in line with the higher gross revenue recorded.

(c) Other property expenses for the quarter are higher 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) 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) 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. No goodwill payments were made in respect of the quarter ended 30 June 2007.

(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 lower trust expenses are due to lower professional fees incurred.

(h) Borrowing costs are higher due to debt financing of the Japanese property acquisitions and include interest receivable and payable under the interest rate swaps and cross currency swap contracts.

(i) Represents the change in fair value on interest rate swaps, interest rate cap and cross currency swap which were entered into in relation to the Japanese property acquisition.

(j) The Singapore properties were revalued to S$1,608.0 million by Cushman & Wakefield (S) Pte Ltd ("CW") as at 30 June 2007.

(k) Income tax expense includes withholding tax and deferred tax accrued in relation to the acquisition of Japanese properties.

NM – Not Meaningful

Distribution Statement - Group

	Notes	Actual 01/04/07 to 30/06/07 S$'000	Actual 01/04/06 to 30/06/06 S$'000	Actual 01/01/07 to 30/06/07 S$'000	Actual 01/01/06 to 30/06/06 S$'000
Total return after tax, before distribution		**123,302**	**11,967**	**134,237**	**23,698**
Non-tax deductible / (chargeable) items:					
Depreciation		387	-	764	-
Sinking fund contribution		292	292	583	583
Goodwill payments		-	-	750	-
Management fees paid / payable in units		1,233	1,008	2,362	2,008
Finance costs		188	193	376	386
Change in fair value of derivative instruments - unrealised		(1,290)	-	(1,290)	-
Change in fair value of investment properties		(110,000)	-	(110,000)	-
Other adjustments	(a)	160	172	478	576
Income available for distribution		**14,272**	**13,632**	**28,260**	**27,251**

Footnotes:

(a) Other adjustments include the Trustee's fee, non-deductible interest costs and deferred tax expense.

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

	Notes	Group 30/06/07 S$'000	Group 31/12/06 S$'000	Trust 30/06/07 S$'000	Trust 31/12/06 S$'000
Assets					
Investment properties	(a)	1,720,420	1,498,000	1,608,000	1,498,000
Investments in subsidiaries		-	-	78,499	-
Plant & machinery and renovations		3,176	3,431	3,176	3,431
Trade and other receivables		5,255	4,201	4,805	4,201
Derivative financial instruments	(b)	2,008	-	1,002	-
Cash		32,354	20,122	24,788	20,122
Total assets		**1,763,213**	**1,525,754**	**1,720,270**	**1,525,754**
Liabilities					
Trade and other payables	(c)	(50,409)	(39,093)	(45,219)	(39,093)
Derivative financial instruments		(18)	-	(18)	-
Current tax payable		(28)	-	-	-
Deferred tax liability		(12)	-	-	-
Borrowings (net of transaction costs)	(d)	(506,776)	(388,200)	(469,337)	(388,200)
Total liabilities		**(557,243)**	**(427,293)**	**(514,574)**	**(427,293)**
Net assets attributable to unitholders		**1,205,970**	**1,098,461**	**1,205,696**	**1,098,461**

Footnotes:

(a) Investment properties have increased due to the revaluation of the Singapore properties as at 30 June 2007 and the acquisition of six Japanese properties on 30 May 2007.

(b) Derivative financial instruments include the fair value of the interest rate swaps and interest rate cap taken out in relation to the acquisition of the Japanese properties.

(c) The increase in 2007 is mainly due to increase in security deposits, acquisition costs payable and advance rental received. Payables include an amount of S$13.7 million which forms part of the consideration for the investment properties retained under the sale & purchase agreement in respect of Wisma Atria.

(d) The increase in borrowings is due to a new bridging loan of S$80.0 million and term loan of Yen 3.1 billion (S$38.5 million) used to fund the acquisition of the Japanese properties.

1(b) (ii) Aggregate amount of borrowings

	Notes	Group 30/06/07 S$'000	Group 31/12/06 S$'000	Trust 30/06/07 S$'000	Trust 31/12/06 S$'000
Secured borrowings	(a)				
Amount repayable within one year		92,000	11,000	92,000	11,000
Amount repayable after one year		380,000	380,000	380,000	380,000
		472,000	**391,000**	**472,000**	**391,000**
Unsecured borrowings	(b)				
Amount repayable after one year		38,477	-	-	-
Total borrowings		**510,477**	**391,000**	**472,000**	**391,000**

Footnotes:

(a) Secured
The Group has in place facilities of $490 million comprising a $380 million term loan facility for a tenor of 5 years, revolving credit facility ("RCF") of $30 million 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) and a bridge loan of S$80 million repayable on or before 15 October 2007. The term loan is repayable on 20 September 2010. Currently there is an amount of $12 million outstanding under the RCF.

The facilities are secured on the following:
(i) A first legal mortgage on the Singapore properties;
(ii) A first fixed charge over the rental collection, current and fixed deposit accounts;
(iii) An assignment of MMP REIT's rights, title and interest in the property management agreement, tenancy documents and proceeds and insurance policies in relation to the Singapore properties; and
(iv) A fixed and floating charge over the assets of MMP REIT in relation to the Singapore properties, agreements and collateral, as required by the financial institution granting the facilities.

(b) Unsecured
In addition, the Group has a 5 year bond facility of Yen 3.1 billion (S$38.5 million), 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 (Japanese subsidiary).

1(c) Consolidated cash flow statement

	Notes	Group Actual 01/04/07 to 30/06/07 S$'000	Group Actual 01/04/06 to 30/06/06 S$'000	Group Actual 01/01/07 to 30/06/07 S$'000	Group Actual 01/01/06 to 30/06/06 S$'000
Operating activities					
Total return for the period before tax		123,342	11,967	134,277	23,698
Adjustments for					
Interest income		(61)	(82)	(136)	(170)
Accretion of tenancy deposit and retention sum stated at amortised cost		(60)	8	53	281
Depreciation		387	-	764	-
Management fees paid / payable in units		1,233	1,008	2,362	2,008
Borrowing costs		3,683	3,347	7,035	6,699
Change in fair value of derivative instruments - unrealised		(1,290)	-	(1,290)	-
Change in fair value of investment properties		(110,000)	-	(110,000)	-
Operating income before working capital changes		17,234	16,248	33,065	32,516
Changes in working capital:					
Trade and other receivables		(1,793)	(23)	(1,047)	332
Trade and other payables		3,291	965	6,147	1,344
Cash generated from operating activities		**18,732**	**17,190**	**38,165**	**34,192**
Investing activities					
Net cash outflow on purchase of investment properties	(a)	(109,008)	-	(109,008)	-
Purchase of plant and equipment		(465)	-	(508)	-
Interest received on deposits		12	83	92	200
Cash flows from investing activities		**(109,461)**	**83**	**(109,424)**	**200**
Financing activities					
Borrowing costs paid		(5,388)	(3,193)	(8,553)	(6,358)
Proceeds from borrowings		128,060	14,000	142,060	14,000
Repayment of borrowings		(6,000)	(14,000)	(22,000)	(19,000)
Distributions paid to unitholders		(13,954)	(13,612)	(27,895)	(28,530)
Cash flows from financing activities		**102,718**	**(16,805)**	**83,612**	**(39,888)**
Net increase / (decrease) in cash and cash equivalents		**11,989**	**468**	**12,353**	**(5,496)**
Cash and cash equivalents at the beginning of the period		20,486	19,515	20,122	25,479
Effects of exchange rate differences on cash		(121)	-	(121)	-
Cash and cash equivalents at the end of the period		**32,354**	**19,983**	**32,354**	**19,983**

Footnotes:

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

	Group Actual 01/04/07 to 30/06/07 S$'000	Group Actual 01/04/06 to 30/06/06 S$'000	Group Actual 01/01/07 to 30/06/07 S$'000	Group Actual 01/01/06 to 30/06/06 S$'000
Investment properties	109,959	-	109,959	-
Cash and cash equivalents	1,629	-	1,629	-
Trade and other payables	(1,629)	-	(1,629)	-
Cash consideration paid	109,959	-	109,959	-
Cash (acquired)	(1,629)	-	(1,629)	-
Acquisition costs paid	678	-	678	-
Net cash outflow	**109,008**	**-**	**109,008**	**-**

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

	Notes	Group 01/04/07 to 30/06/07 S$'000	Group 01/04/06 to 30/06/06 S$'000	Trust 01/04/07 to 30/06/07 S$'000	Trust 01/04/06 to 30/06/06 S$'000
Balance as at beginning of the period		1,096,583	929,303	1,096,583	929,303
Operations					
Total return for the period after tax	(a)	123,302	11,967	121,834	11,967
Net increase in net assets resulting from operations		**123,302**	**11,967**	**121,834**	**11,967**
Translation transactions					
Foreign currency translation reserve movement for the period	(b)	(1,194)	-	-	-
Unitholders' transactions					
Management fees paid in units		-	-	-	-
Management fees payable in units to be issued	(c)	1,233	1,008	1,233	1,008
Distribution to unitholders		(13,954)	(13,612)	(13,954)	(13,612)
Net decrease in net assets resulting from Unitholders' transactions		**(12,721)**	**(12,604)**	**(12,721)**	**(12,604)**
Balance as at end of the period		**1,205,970**	**928,666**	**1,205,696**	**928,666**

Footnotes:

(a) For the Second Quarter to 30 June 2007 includes the revaluation increment on Singapore properties of $110.0 million and change in fair value of derivative financial instruments.

(b) 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 investment in the foreign entities.

(c) There are 994,837 units to be issued to the Manager by 31 July 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 June 2007.

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

	Notes	Group 01/01/07 to 30/06/07 S$'000	Group 01/01/06 to 30/06/06 S$'000	Trust 01/01/07 to 30/06/07 S$'000	Trust 01/01/06 to 30/06/06 S$'000
Balance as at beginning of the period		1,098,461	931,490	1,098,461	931,490
Operations					
Total return for the period after tax	(a)	134,237	23,698	132,769	23,698
Net increase in net assets resulting from operations		**134,237**	**23,698**	**132,769**	**23,698**
Translation transactions					
Foreign currency translation reserve movement for the period	(b)	(1,194)	-	-	-
Unitholders' transactions					
Management fees paid in units		1,128	1,000	1,128	1,000
Management fees payable in units to be issued	(c)	1,233	1,008	1,233	1,008
Distribution to unitholders		(27,895)	(28,530)	(27,895)	(28,530)
Net decrease in net assets resulting from Unitholders' transactions		**(25,534)**	**(26,522)**	**(25,534)**	**(26,522)**
Balance as at end of the period		**1,205,970**	**928,666**	**1,205,696**	**928,666**

Footnotes:

(a) For the Half Year to 30 June 2007 includes the revaluation increment on Singapore properties of $110.0 million and change in fair value of derivative financial instruments.

(b) 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 investment in the foreign entities.

(c) There are 994,837 units to be issued to the Manager by 31 July 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 June 2007.

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

	Notes	Actual 01/04/07 to 30/06/07 Units	Actual 01/01/07 to 30/06/07 Units
Issued units at the beginning of the period		948,375,699	947,375,680
Management fees issued in units (base fee)		907,893	1,826,951
Management fees issued in units (performance fee)		-	80,961
Issued units at the end of the period		949,283,592	949,283,592
Management fees payable in units to be issued (base fee)	(a)	994,837	994,837
Management fees payable in units (performance fee)	(b)	-	-
Total issued and issuable units at the end of the period		**950,278,429**	**950,278,429**

Footnotes:

(a) The management fees payable in units comprise 994,837 units to be issued to the Manager by 31 July 2007 as full satisfaction of the base fee element of the management fee incurred for the quarter ended 30 June 2007.

(b) There is no performance fee for the second quarter ended 30 June 2007 as performance is below the benchmark index.

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.

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

	Notes	Actual 01/04/07 to 30/06/07	Actual 01/01/07 to 30/06/07
Weighted average number of units	(a)	949,055,080	948,584,220
Earnings per unit for the period based on the weighted average number of units in issue (cents)		12.99	14.15
Number of units issued and issuable at end of period		950,278,429	950,278,429
Distribution per unit for the period based on the total number of units entitled to distribution (cents)	(b)	1.50	2.97
Distribution per unit for the period based on the total number of units entitled to distribution including performance fee units (cents)		1.50	2.97

Footnotes:

(a) The actual weighted average number of units used for computation of EPU for the period from 1 April 2007 to 30 June 2007 is 949,055,080. This number comprises:

(i) Weighted average number of units in issue of 949,044,148; and

(ii) Weighted average number of units issuable to the Manager of 10,932.

(b) The computation of actual DPU is based on number of units entitled to distributions comprising:

(i) The number of units in issue as at 30 June 2007 of 949,283,592;

(ii) The units issuable to the Manager as full satisfaction of management fee incurred for the period from 1 April 2007 to 30 June 2007 of 994,837.

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

	Notes	Group 30/06/07	Trust 30/06/07	Group 31/12/06	Trust 31/12/06
Net asset value per unit (S$)	(a)	1.27	1.27	1.16	1.16

Footnotes:

(a) The number of units used for computation of NAV per unit is 950,278,429. This comprises:

(i) The number of units in issue as at 30 June 2007 of 949,283,592;

(ii) The units issuable to the Manager as full satisfaction of management fee (base fee) incurred for the quarter ended 30 June 2007 of 994,837.

8 Review of the performance

Consolidated Statement of Total Return and Distribution

Consolidated Statement of Total Return for the Quarter ended 30 June 2007

	Actual 01/04/07 to 30/06/07 S$'000	Actual 01/04/06 to 30/06/06 S$'000	Increase / (Decrease) %	Actual 01/01/07 to 30/06/07 S$'000	Actual 01/01/06 to 30/06/06 S$'000	Increase / (Decrease) %
Gross revenue	23,633	22,404	5%	47,011	44,868	5%
Property expenses	(5,690)	(5,064)	12%	(11,818)	(10,212)	16%
Net property income	**17,943**	17,340	3%	**35,193**	34,656	2%
Non property expenses	(5,891)	(5,373)	10%	(12,206)	(10,958)	11%
Net income before tax	**12,052**	11,967	1%	**22,987**	23,698	(3%)
Change in fair value of derivative instruments - unrealised	1,290	-	NM	1,290	-	NM
Change in fair value of investment properties	110,000	-	NM	110,000	-	NM
Total return before tax	**123,342**	11,967	931%	**134,277**	23,698	467%
Income tax expense	(40)	-	NM	(40)	-	NM
Total return after tax	**123,302**	11,967	**930%**	**134,237**	23,698	**466%**
Non tax deductible / chargeable items and other adjustments	(109,030)	1,665	(6648%)	(105,977)	3,553	(3083%)
Net income available for distribution	**14,272**	**13,632**	**5%**	**28,260**	**27,251**	**4%**

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, and tenancy costs. The non-property expenses were higher due to depreciation charges for the installation of the escalators at Wisma Atria.

As a result, net income before tax for the current quarter was $12.1 million, 1% above Q2 2006 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 5%.

9 Variance between forecast and the actual results

MMP REIT has not disclosed any forecast to the market.

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

Singapore [1]

The Ministry of Trade and Industry's flash estimates of Singapore's second-quarter economic growth show that the real gross domestic product (GDP) rose by 8.2 per cent on a year-on-year basis, up from 6.4 per cent in the previous quarter. This is the highest growth in five quarters. On a quarter-on-quarter seasonally adjusted annualised basis, real GDP grew by 12.8 per cent following 8.5 per cent in the first quarter, the fastest since 2Q 2005.

According to the Singapore Tourism Board (STB), shopping - a key tourism pillar - accounted for S$3.26 billion in tourism receipts in 2005, or about half of visitor expenditure. Among STB's initiatives is to rejuvenate Orchard Road with more vibrancy. The STB officially launched the Friday Late Night Shopping initiative in January 2007, as part of its strategy to meet increasing demand, particularly among business travellers who have limited time to shop due to their busy schedules. The programme, which has retailers extend their operating hours up till midnight on the last Friday of each month, now has 300 retail participants. The STB targets to achieve S$13.6 billion in tourism receipts and attract 10.2 million visitor arrivals in 2007.

In tandem with the strong economic growth, Orchard Road retail rents rose to S$34.40 psf per month during 2Q 2007, closing in to 1996's peak of S$35.10 psf per month before the 1997 Asian Financial Crisis. This was a 1.8% increase from last quarter.

Several existing shopping centres are being upgraded and revamped to remain attractive to tenants and shoppers, in the face of rising competition from upcoming new malls, while eight retail/ mixed development properties (including Tanglin Shopping Centre, Orchard Tower and Orchard Plaza in the Orchard Road shopping precinct) have been put up for sale. There will not be any substantial new supply of retail space coming up in Orchard Road until 2009 - Orchard Turn is expected to be completed in end 2008, followed by the completion of two other developments by Far East Organisation and Lend Lease.

In the light of the tight office supply situation which is expected to last for the next two to three years, office rents and capital value continued to escalate in 2Q 2007. Prime office rents averaged S$10.50 psf per month, rising 22.1% quarter-on-quarter and 75% year-on-year, exceeding 1996's peak of S$9.90 psf per month and closing in quickly on 1990's peak of S$11.50 psf per month. Grade A office rent averaged S$12.40 psf per month, an increase of 17% quarter-on-quarter and 82.4% year-on-year.

Japan [2]

A survey by Japan's Ministry of Land, Infrastructure and Transport in March 2007 showed that Japanese land prices rose for the first time in 16 years in 2006, a sign that Japan is emerging from deflation with support from a steady economic recovery. Average nationwide commercial land prices increased 2.3 percent. That was the first increase since 1990, after which property prices began to tumble with the bursting of the late 1980s asset inflation bubble.

Japan's expanding economy, which grew 2.2 percent in 2006, boosted demand for condominiums and office space, particularly in big cities. In recent years, major retailers have been competing for prime Tokyo retail locations, on the back of an expected rebound in Japanese consumer spending. Rents moved to new highs in the key retail districts of Ginza and Omotesando as demand for large retail space rose in the first quarter of 2007.

In 1Q 2007, Mitsui Fudosan launched two large-scale retail schemes – Tokyo MidTown, a mixed-use development, and Lalaport Yokohama – which houses the first Daimaru Department Store located within a suburban shopping complex.

Demand for office space in Tokyo remained strong in the first quarter of 2007. Four Grade A buildings, with total net lettable area of some 2.3 million sq ft, were fully taken up. Office vacancy was 0.7%, down by 70 bps over the quarter. Some 3.7 million sq ft of prime office space are expected to come to the market in 2007, with close to 100% occupancy. Prime office rents are expected to increase for the rest of the year, on the back of tight market conditions.

Sources
(1) CB Richard Ellis Singapore Market View, Second Quarter 2007
CB Richard Ellis Asian Retail Market Flash, 1Q 2007
(2) Reuters, 25 June 2007, “Asian property prices heating up; regional round-up”
Reuters, 22 Mar 2007, “Japanese land prices rise for 1st time in 16 years”

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, the current tight office leasing market in Singapore and continuing economic growth in FY 2007.

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 2007 to 30 June 2007.
Distribution rate:	1.50 cents per unit
Distribution type:	Taxable income
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:	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).

Footnotes:

NA – Not applicable

(c) Date payable: 29 August 2007

(d) Books Closure Date: 6 August 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 30 June 2007 and the results of for the six months ended on that date, to be false or misleading.

On behalf of the Board

Stephen Girdis	Franklin Heng
Chairman	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
26 July 2007