

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
30 September 2009

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 30 September 2009.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2009 RM'000	YEAR CORRESPONDING QUARTER 30.09.2008 RM'000	CURRENT YEAR TO DATE 30.09.2009 RM'000	PRECEDING YEAR TO DATE 30.09.2008 RM'000
NET REVENUE	28,057	27,866	28,057	27,866
PROPERTY OPERATING EXPENSES	(4,710)	(4,700)	(4,710)	(4,700)
NET PROPERTY INCOME	23,347	23,166	23,347	23,166
OTHER INCOME	395	889	395	889
FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES*	-	254,360	-	254,360
TRUST EXPENSES	(1,018)	(995)	(1,018)	(995)
ADMINISTRATION EXPENSES	(68)	(247)	(68)	(247)
BORROWING COST	(2,180)	(2,180)	(2,180)	(2,180)
INCOME BEFORE TAX	20,476	274,993	20,476	274,993
INCOME TAX EXPENSE	-	-	-	-
INCOME FOR THE PERIOD	20,476	274,993	20,476	274,993

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CONDENSED INCOME STATEMENT – continued

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	20,476	20,633	20,476	20,633
UNREALISED *	-	254,360	-	254,360
	-----	-----	-----	-----
	20,476	274,993	20,476	274,993
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.74	23.33	1.74	23.33
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.74	1.75	1.74	1.75
	=====	=====	=====	=====

* The fair value adjustment of investment properties relates to the revaluation surplus that arose from the revaluation of the investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur, which was approved by Securities Commission on 11 July 2008. The Trust had incorporated the revaluation surplus into the Income Statement on 15 July 2008. This is an unrealised income and it is not available for income distribution.

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The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED BALANCE SHEET

	AS AT 30.09.2009 RM'000	AS AT 30.06.2009 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,550,201	1,550,201
Current Assets		
Trade receivables	9,706	7,341
Other receivables	2,056	735
Fixed deposits	74,118	97,661
Bank balances	765	738
	-----	-----
	86,645	106,475
	-----	-----
TOTAL ASSETS	<u>1,636,846</u>	<u>1,656,676</u>
UNITHOLDERS' FUNDS		
Unitholders' capital	1,145,895	1,145,895
Undistributed income	274,362	274,362
	-----	-----
Net Asset Value	1,420,257	1,420,257
	-----	-----
LIABILITIES		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	7,125	9,347
	-----	-----
	187,125	189,347
	-----	-----
Current Liabilities		
Other payables	8,988	6,321
Provision for income distribution	20,476	40,751
	-----	-----
	29,464	47,072
	-----	-----
TOTAL LIABILITIES	<u>216,589</u>	<u>236,419</u>
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>1,636,846</u>	<u>1,656,676</u>

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CONDENSED BALANCE SHEET – continued

	AS AT 30.09.2009 RM'000	AS AT 30.06.2009 RM'000
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)	1.205 =====	1.205 =====

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The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

3 months ended 30 September 2009	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Income Realised RM'000	Unrealised RM'000	
As at 1 July 2009	1,145,895	2	274,360	1,420,257
Operations for the period				
Net income for the period	-	20,476	-	20,476
Increase in net assets resulting from operations	-	20,476	-	20,476
Unitholders transactions				
Provision for income distribution	-	(20,476)	-	(20,476)
Decrease in net assets resulting from unitholders transactions	-	(20,476)	-	(20,476)
As at 30 September 2009	1,145,895	2	274,360	1,420,257

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009 - continued**

3 months ended 30 September 2008	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Income Realised RM'000	Unrealised RM'000	
As at 1 July 2008	1,145,895	1	-	1,145,896
Operations for the period				
Net income for the period	-	20,633	254,360	274,993
Increase in net assets resulting from operations	-	20,633	254,360	274,993
Unitholders transactions				
Provision for income distribution	-	(20,633)	-	(20,633)
Decrease in net assets resulting from unitholders transactions	-	(20,633)	-	(20,633)
As at 30 September 2008	1,145,895	1	254,360	1,400,256

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	3 months ended	
	30.09.2009	30.09.2008
	RM'000	RM'000
Net cash generated from operating activities	19,018	20,468
Net cash generated from investing activities	395	888
Net cash used in financing activities	(42,929)	(43,334)
Net decrease in cash and cash equivalent	(23,516)	(21,978)
Cash and cash equivalents at beginning of financial period	98,399	103,755
Cash and cash equivalent at end of financial period (note a)	74,883	81,777

Note (a)

Cash and cash equivalent

	As At	As At
	30.09.2009	30.09.2008
	RM'000	RM'000
Fixed Deposit	74,118	81,590
Bank balances	765	187
	74,883	81,777

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to FRS 134

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS134 “Interim Financial Reporting” and Chapter 9, Part K Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Trust for the financial year ended 30 June 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2009, except for the adoption of the relevant new Financial Reporting Standards (FRS) effective for the financial year beginning 1 July 2009 as disclosed below:-

FRS 8 Operating Segments

The adoption of the above new FRS does not have financial impact on the Trust.

A2. Seasonality or Cyclicity of Operations

The business operations of the Trust are not affected by any material seasonal or cyclical factors.

A3. Exceptional or Unusual Items

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Trust.

A4. Changes in estimates of amounts reported

This is not applicable as there were no estimates previously reported.

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter. The outstanding debts are disclosed in Note B9.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Income Distribution

A final income distribution (which is tax exempt at Trust level under Section 61A of the Income Tax Act, 1967) of 3.4567 sen per unit, totalling RM40,750,652 representing approximately 100% of the realised and distributable income after tax in respect of the six months financial period from 1 January 2009 to 30 June 2009, was paid during the current financial quarter.

A7. Segment Reporting

No segment information is prepared as the Trust's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A8. Material Events Subsequent to the end of the interim period

There was no material event subsequent to the end of the current financial quarter.

A9. Changes in the Composition of the Trust

There is no change in composition of the Trust during the current financial quarter and the fund size stands at 1,178,888,889 units.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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Disclosure requirements per Appendix 9B, Part K of Chapter 9 of the Listing Requirements of Bursa Securities for the Main Market

B1. Review of Performance

The Trust recorded RM28.057 million and RM20.476 million of revenue and income before tax respectively for the current financial quarter ended 30 September 2009, representing a marginal increase of 0.68% and a decrease of 92.55% recorded in previous corresponding quarter ended 30 September 2008.

Included in the income before tax in the previous corresponding quarter ended 30 September 2008 was the fair value adjustment of investment properties amounting to RM254.360 million, in respect of the revaluation surplus that arose from the revaluation of investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur, which was approved by the Securities Commission on 11 July 2008. The Trust had incorporated the revaluation surplus into the Income Statement on 15 July 2008. At the operating level, realised income before tax amounted to RM20.476 million for the current financial quarter ended 30 September 2009, representing a marginal decrease of 0.76% as compared to the previous corresponding quarter ended 30 September 2008.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2009 RM'000	Preceding Quarter 30.06.2009 RM'000
Revenue	28,057	28,113
Income before tax	20,476	40,695
Income after tax before provision for income distribution	20,476	40,695

The Trust's revenue and income before tax for the current financial quarter ended 30 September 2009 decreased to RM28.057 million and RM20.476 million from RM28.113 million and RM40.695 million recorded in the preceding financial quarter ended 30 June 2009. This represents a decrease of 0.20% and 49.68% in revenue and income before tax respectively.

Included in the income before tax for the preceding quarter ended 30 June 2009 was the fair value adjustment of investment property amounting to RM20.0 million, in respect of revaluation surplus that arose from the revaluation of investment property, namely The Residences at the Ritz-Carlton, Kuala Lumpur.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B3. Prospects

The Manager, after considering the strength of the real estate portfolio invested, is optimistic that the Trust is expected to achieve satisfactory performance for the financial year ending 30 June 2010.

B4. Profit Forecast

The Trust did not issue any profit forecast or profit guarantee during the current financial quarter.

B5. Taxation

The Trust has paid and provided approximately 100% of the realised and distributable income to unitholders, which income at the Trust level is exempted from tax in accordance with the Section 61A, Income Tax Act, 1967, thus no tax is payable during the financial quarter.

B6. Sales of Unquoted Investment and /or Properties

There was no sale of unquoted investment or properties during the current financial quarter.

B7. Quoted Investment

During the current financial quarter, there was no purchase or disposal of quoted investment.

B8. Corporate Development

As at the date of this announcement, there are no corporate proposals announced and pending completion except for the following :-

The Board of Pintar Projek Sdn Bhd had on 18 November 2009 announced that Mayban Trustees Berhad, the trustee of Starhill REIT has entered into Heads of Agreement in relation to the proposed disposal of Starhill Gallery and the Lot 10 Property ("Proposed Disposal") for a sale consideration of RM1,030,000,000, to be satisfied via cash and/or convertible preference units pursuant to a proposed rationalisation exercise to reposition Starhill REIT as global hospitality REIT.

The Proposed Disposal is pending the approval of the Securities Commission, unitholders and all relevant authorities, where required.

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Notes : continued

B9. Borrowings and Debt Securities

The borrowing of RM180 million is long term and secured.

B10. Off Balance Sheet Financial Instruments

The Trust has no financial instruments with off balance sheet risks as at the date of this report.

B11. Material litigation

There was no material litigation as at the date of this report.

B12. Income Distribution

No distribution has been declared for the current financial quarter. A provision is made to distribute approximate 100% of the realised and distributable income during the current financial quarter pursuant to the provision in the Trust Deed dated 18 November 2005 to distribute at least 90% of the distributable income for each financial year.

B13. Earnings Per Unit

The earnings per unit of the Trust have been computed by dividing the income after taxation for the financial quarter by the weighted average number of units in issue during the financial quarter.

	Current Quarter	Preceding Year Corresponding Quarter
	30.09.2009	30.09.2008
Income after taxation for the quarter (RM'000)	20,476	274,993
Weighted average number of Units in issue ('000)	1,178,889	1,178,889
Earnings per unit (sen)	1.74	23.33*

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Notes : continued

B13. Earnings Per Unit - continued

- * Included in the Earnings per unit was the fair value adjustment of investment properties amounting to RM254.360 million, in respect of the revaluation surplus that arose from the revaluation of investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur, which was approved by the Securities Commission on 11 July 2008 and recorded by the Trust as revaluation surplus in the Income Statement on 15 July 2008.

B14. Distribution Per Unit

The distribution per unit of the Trust has been computed by dividing the provision for income distribution for the financial quarter by the total number of units in issue during the financial quarter.

	Current Quarter	Preceding Year Corresponding Quarter
	30.09.2009	30.09.2008
Provision for income distribution (RM'000)	20,476	20,633
Number of units in issue ('000)	1,178,889	1,178,889
Distribution per unit (sen)	1.74	1.75

B15. Audit Report of preceding financial year ended 30 June 2009

The audit report on the financial statements of the preceding financial year ended 30 June 2009 was not subject to any qualification.

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By Order of the Board
HO SAY KENG
Secretary
Pintar Projek Sdn Bhd
Company No : 314009-W
(As the Manager of Starhill Real Estate Investment Trust)

Kuala Lumpur
Dated: 19 November 2009