

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
30 September 2011

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 30 September 2011.

The figures have not been audited.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.09.2011 RM'000	CORRESPONDING QUARTER 30.09.2010 RM'000	CURRENT YEAR TO DATE 30.09.2011 RM'000	PRECEDING YEAR TO DATE 30.09.2010 RM'000
NET REVENUE	7,990	8,244	7,990	8,244
PROPERTY OPERATING EXPENSES	(481)	(442)	(481)	(442)
NET PROPERTY INCOME	7,509	7,802	7,509	7,802
OTHER INCOME	11,313	11,283	11,313	11,283
TRUST EXPENSES	(668)	(683)	(668)	(683)
ADMINISTRATION EXPENSES	(81)	(190)	(81)	(190)
BORROWING COST	(2,157)	(2,180)	(2,157)	(2,180)
INCOME BEFORE TAX	15,916	16,032	15,916	16,032
INCOME TAX EXPENSE	(484)	(608)	(484)	(608)
INCOME FOR THE PERIOD	15,432	15,424	15,432	15,424
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,432	15,424	15,432	15,424

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED STATEMENT OF COMPREHENSIVE INCOME – continued

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT QUARTER 30.09.2011 RM'000	CORRESPONDING QUARTER 30.09.2010 RM'000	CURRENT YEAR TO DATE 30.09.2011 RM'000	PRECEDING YEAR TO DATE 30.09.2010 RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	15,432	15,424	15,432	15,424
UNREALISED	-	-	-	-
	-----	-----	-----	-----
	15,432	15,424	15,432	15,424
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.31	1.31	1.31	1.31
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.31	1.31	1.31	1.31
	=====	=====	=====	=====

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The Condensed Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED STATEMENT OF FINANCIAL POSITION**

	AS AT 30.09.2011 RM'000	AS AT 30.06.2011 RM'000
ASSETS		
INVESTMENT PROPERTIES	494,700	494,700
Current Assets		
Trade receivables	658	1,477
Other receivables	8,494	7,806
Available-for-sale financial assets	405,000	405,000
Fixed deposits	654,003	676,460
Bank balances	111	659
	-----	-----
	1,068,266	1,091,402
	-----	-----
TOTAL ASSETS	1,562,966	1,586,102
	=====	=====
UNITHOLDERS' FUNDS		
Unitholders' capital	1,145,895	1,145,895
Undistributed income	210,764	210,764
	-----	-----
Net Asset Value	1,356,659	1,356,659
	-----	-----
LIABILITIES		
Non-current Liabilities		
Borrowing	180,000	180,000
Current Liabilities		
Other payables	10,875	11,730
Provision for income distribution	15,432	37,713
	-----	-----
	26,307	49,443
	-----	-----
TOTAL LIABILITIES	206,307	229,443
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	1,562,966	1,586,102
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED STATEMENT OF FINANCIAL POSITION – continued

	AS AT 30.09.2011 RM'000	AS AT 30.06.2011 RM'000
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)	1.1508 =====	1.1508 =====

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The Condensed Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 2011**

3 months ended 30 September 2011	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Realised RM'000	Income Unrealised RM'000	
As at 1 July 2011	1,145,895	172,172	38,592	1,356,659
Operations for the financial period				
Net income for the financial period	-	15,432	-	15,432
	-----	-----	-----	-----
Increase in net assets resulting from operations	-	15,432	-	15,432
	-----	-----	-----	-----
Unitholders' transactions				
Provision for income distribution	-	(15,432)	-	(15,432)
	-----	-----	-----	-----
Decrease in net assets resulting from unitholders' transactions	-	(15,432)	-	(15,432)
	-----	-----	-----	-----
As at 30 September 2011	1,145,895	172,172	38,592	1,356,659
	=====	=====	=====	=====

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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 2010 – continued**

3 months ended 30 September 2010	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Realised RM'000	Income Unrealised RM'000	
As at 1 July 2010	1,145,895	190,306	38,676	1,374,877
Operations for the financial period				
Net income for the financial period	-	15,424	-	15,424
Increase in net assets resulting from operations	-	15,424	-	15,424
Unitholders' transactions				
Provision for income distribution	-	(15,424)	-	(15,424)
Decrease in net assets resulting from unitholders' transactions	-	(15,424)	-	(15,424)
As at 30 September 2010	1,145,895	190,306	38,676	1,374,877

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	3 months ended	
	30.09.2011	30.09.2010
	RM'000	RM'000
Net cash generated from operating activities	5,575	603,769
Net cash generated from investing activities	11,313	10,675
Net cash used in financing activities	(39,893)	(39,893)
Net (decrease)/increase in cash and cash equivalent	(23,005)	574,551
Cash and cash equivalents at beginning of financial period	677,119	86,753
Cash and cash equivalent at end of financial period (note a)	654,114	661,304

Note (a)

Cash and cash equivalent

	As At	As At
	30.09.2011	30.09.2010
	RM'000	RM'000
Fixed Deposit	654,003	661,238
Bank balances	111	66
	654,114	661,304

The Condensed Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to FRS 134

The condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Trust for the financial year ended 30 June 2011.

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard 134 (“FRS”) “Interim Financial Reporting” and Chapter 9, Part M3 paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computation adopted by the Trust in the interim financial report are consistent with those adopted in the latest audited annual financial statements. The adoption of revised FRSSs, amendment to FRSSs and IC Interpretations which were effective for financial period beginning 1 July 2011 do not have significant financial impacts 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 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 B13.

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 3.1990 sen per unit, totalling RM37,712,656 representing approximately 100% of the realised and distributable income after tax in respect of the six months financial period from 1 January 2011 to 30 June 2011 and partial distribution from the realised and undistributed income from the disposal of Lot 10 Parcels and Starhill Gallery on 28 June 2010, was paid during the current financial quarter.

A7. Segment Information

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

A8. Events after the interim period

As part of the rationalisation exercise to reposition the Trust as a full-fledged hospital REIT, the Trust had entered into several agreements for the acquisition of the following hospitality related properties:

- (i) Cameron Highlands Resort;
- (ii) Hilton Niseko;
- (iii) Vistana Penang;
- (iv) Vistana Kuala Lumpur;
- (v) Vistana Kuantan;
- (vi) The Residences at The Ritz-Carlton, Kuala Lumpur
- (vii) The Ritz-Carlton Hotel, Kuala Lumpur;
- (viii) Pangkor Laut Resort; and
- (ix) Tanjong Jara Resort.

The Trust completed the acquisition of all of the hospitality assets set out above on 15 November 2011, save for the acquisition of Hotel Niseko which would be determined at a later date. In conjunction with the acquisition, the following were undertaken by the Trust:

- a total of 145,500,000 new units were issued to the respective vendors and such new units were quoted on Bursa Securities on 15 November 2011; and
- cash payment of RM536.5 million and the transfer of a total of 61,004,250 convertible preference units issued by Starhill Global Real Estate Investment Trust to part satisfy the purchase consideration of the acquisition.

Please refer to Note B12 for further details.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

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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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Disclosure requirements pursuant to Part M3 paragraph 9.44 of Chapter 9 of the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

Quarter Results

For the current financial quarter ended 30 September 2011, the Trust recorded a revenue and income before tax of RM7.990 million and RM15.916 million, respectively, representing a decrease of 3.08% and a marginal increase of 0.724%, respectively as compared to the preceding year corresponding quarter ended 30 September 2010.

Comparison with Preceding Quarter

	Current Quarter 30.09.2011 RM'000	Preceding Quarter 30.06.2011 RM'000
Revenue	7,990	7,313
Income before tax	15,916	14,588
Income after tax before provision for income distribution	15,432	14,306

The revenue for the current quarter under review included a lease rental increase of RM0.105 million arising from The Residences@Ritz-Carlton which took effect from 1 July 2011. Income before taxation in the current quarter increased by RM1.328 million representing an increase of 9.10% as compared to the preceding quarter as the preceding quarter recorded an impairment of trade receivables from the tenants of retail properties disposed of on 28 June 2010 and higher administrative expenses incurred.

B2. Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Trust for the quarter under review.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B3. Portfolio Composition

As at 30 September 2011, Starhill REIT's composition of investment portfolio is as follows:

	Fair value as at 30.09.2011 RM'000	Total Portfolio %
<u>Real Estate - Commercial</u>		
JW Marriott Hotel Kuala Lumpur	349,700	39
The Residences Properties	145,000	16
	-----	-----
	494,700	55
<u>Non-Real Estate-Related assets</u>		
Convertible Preference Units in Starhill Global REIT	405,000	45
	-----	-----
	899,700	100
	=====	=====

There were no changes in the portfolio composition for the current quarter.

B4. Change in Net Asset Value ("NAV")

The total NAV and NAV per unit of the Trust as at 30 September 2011 were RM1,356,659,754 and RM1.1508 respectively. There were no material changes in the total NAV and NAV per unit as compared to the immediate preceding quarter.

	Current Quarter 30.09.2011 RM	Preceding Quarter 30.06.2011 RM
NAV	1,356,659,754	1,356,659,754
NAV per unit	1.1508	1.1508

B5. Change in Market Value

On 30 September 2011, Starhill REIT market value closed at RM0.830 per unit, a decrease of 6.21% compared to the closing market value of RM0.885 per unit on 30 June 2011.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B6. 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 2012.

B7. Circumstances Affecting Interest of Unitholders

There were no unusual circumstances which materially affected any interest of the unitholders.

B8. Material Litigation

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

B9. Maintenance Costs and Major Capital Expenditure

There was no maintenance costs and major capital expenditure incurred during the financial quarter.

B10. Soft Commission

During the financial period, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by the Trust.

B11. 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.

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INTERIM FINANCIAL REPORT

Notes : continued

B12. Corporate Development

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

On 14 December 2010, it was announced that as part of the rationalisation exercise to reposition Starhill REIT as a full-fledged hospitality REIT, Mayban Trustees Berhad, the trustee of Starhill REIT had entered into several agreements for the purposes of the proposed acquisitions which entails the acquisitions of the following hospitality related properties for a total indicative purchase consideration of RM1,054 million (“Acquisitions”), to be satisfied via a combination of cash, issuance of new units in Starhill REIT and convertible preference units (“CPUs”) issued by Starhill Global REIT which are currently held by the Trust valued at SGD1.00 per CPU: -

- (i) Cameron Highlands Resort;
- (ii) Hilton Niseko;
- (iii) Vistana Penang;
- (iv) Vistana Kuala Lumpur;
- (v) Vistana Kuantan;
- (vi) The Residences at The Ritz-Carlton, Kuala Lumpur;
- (vii) The Ritz-Carlton Hotel, Kuala Lumpur;
- (viii) Pangkor Laut Resort; and
- (ix) Tanjong Jara Resort.

The Securities Commission (“SC”) has via its letter dated 20 December 2010, approved the Trust’s application for an extension of time until 28 June 2011 to comply with clauses 8.08, 8.22(b), (c) and (d) of the Guideline on REITs. On 16 June 2011, the SC approved the Trust’s application for a further extension of time until 28 December 2011.

On 12 January 2011, Bursa Securities approved the Trust’s application for extension of time to 28 June 2011 to complete the Acquisitions. A further extension of time until 28 December 2011 was granted by Bursa Securities via its letter dated 14 July 2011.

The SC had via its letter dated 24 August 2011 granted the approval for the following: -

- (i) The proposed issuance of 145,500,000 consideration units (“Purchase Consideration Units”);
- (ii) The valuations of (i) Vistana Kuantan, (ii) Residences@Ritz-Carlton, (iii)Ritz-Carlton, KL, (iv) Pangkor Laut Resort and (v) Tanjong Jara Resort (where the respective purchase consideration is partly satisfied by the Purchase Consideration Units); and
- (iii) The listing of and quotation for the Purchase Consideration Units on the Main Market of Bursa Securities.

Bursa Securities had, via its letter dated 27 September 2011, approved the listing of and quotation for up to 145,500,000 new units in Starhill REIT to be issued pursuant to the Acquisitions.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

The resolutions in relation to the Acquisitions as set out in the Notice of Meeting of Unitholders dated 10 October 2011 have been duly passed by the unitholders at the Meeting of Unitholders held on 25 October 2011.

Save for the acquisition of Hilton Niseko which is pending completion, the acquisition of all the hospitality assets set out above has been completed on 15 November 2011.

B13. Borrowings and Debt Securities

The borrowing of RM180 million with a tenure of five years and bears a fixed interest rate of 4.75% per annum is secured by a first fixed charge over investment properties. The borrowing shall be repaid in one lump sum on 16 December 2015.

B14. Income Distribution

No distribution has been declared for the current financial quarter. A provision is made to distribute approximately 100% of the 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.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B15. Unitholding by the Manager and Parties Related to the Manager

As at 30 September 2011, the Manager did not hold any units in Starhill REIT. The related parties of the Manager held units in Starhill REIT as follows :-

	30.09.2011	
	Number Of Units ‘000	Market Value RM’000
YTL Corporation Berhad	747,084	620,080
YTL Power International Berhad	43,090	35,765
Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping, CBE, FICE	870	722
Dato’ Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	70	58

The market value of the units held by the parties related to the Manager is based on the closing market price of Starhill REIT at RM0.83 per unit as at 30 September 2011.

B16. Statement by the Directors of the Manager

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Starhill REIT as at 30 September 2011 and of its financial performance and cash flows for the financial quarter/period ended on that date.

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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:17 November 2011