

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
30 September 2013

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
30 September 2013

	Page No.
Condensed Income Statements	1 - 2
Condensed Statements of Comprehensive Income	3
Condensed Statements of Financial Position	4 - 5
Condensed Statements of Changes in Net Asset Value	6 - 9
Condensed Consolidated Statement of Cash Flows	10 - 11
Notes to the Interim Financial Report	12 - 22

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 30 September 2013.

The figures have not been audited.

CONDENSED INCOME STATEMENTS

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	102,581	28,077	24,488	24,218
PROPERTY OPERATING EXPENSES	(54,307)	(2,017)	(1,211)	(1,156)
NET PROPERTY INCOME	48,274	26,060	23,277	23,062
OTHER INCOME	901	534	26,145	2,974
MANAGER'S FEES	(2,122)	(1,031)	(2,122)	(1,031)
TRUSTEE'S FEES	(350)	(154)	(350)	(154)
ADMINISTRATION EXPENSES	(13,677)	(102)	(148)	(89)
FINANCE COSTS	(18,384)	(2,270)	(18,384)	(2,270)
INCOME BEFORE UNREALISED ITEM	14,642	23,037	28,418	22,492
UNREALISED ITEM:				
- Unrealised gain/(loss) on foreign exchange	188	(34)	40,060	(2,096)
PROFIT BEFORE TAX	14,830	23,003	68,478	20,396
INCOME TAX EXPENSE	(367)	(241)	(201)	(241)
PROFIT FOR THE PERIOD	14,463	22,762	68,277	20,155

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS - continued

	GROUP		TRUST	
	CURRENT YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2012 RM'000	CURRENT YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2012 RM'000
PROFIT FOR THE PERIOD	14,463	22,762	68,277	20,155
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	12,326	-	-	-
- Net loss/(income) not distributed from foreign operations	1,616	(545)	-	-
- Unrealised foreign translation differences	(188)	34	(40,060)	2,096
	-----	-----	-----	-----
INCOME AVAILABLE FOR DISTRIBUTION / TOTAL DISTRIBUTABLE INCOME	28,217	22,251	28,217	22,251
INCOME DISTRIBUTION	(25,395)	-	(25,395)	-
PROVISION FOR INCOME INCOME DISTRIBUTION	-	(22,251)	-	(22,251)
	-----	-----	-----	-----
UNDISTRIBUTED DISTRIBUTABLE INCOME	2,822	-	2,822	-
	=====	=====	=====	=====
DISTRIBUTABLE INCOME PER UNIT (Sen)	2.1306	1.6801	2.1306	1.6801
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.9175	-	1.9175	-
	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	14,463	22,762	68,277	20,155
OTHER COMPREHENSIVE INCOME / (EXPENSE) :				
CURRENCY TRANSLATION DIFFERENCES	48,147	(2,785)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	62,610	19,977	68,277	20,155
	=====	=====	=====	=====
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED PROFIT	14,275	22,796	28,217	22,251
UNREALISED PROFIT/(LOSS)	188	(34)	40,060	(2,096)
	-----	-----	-----	-----
	14,463	22,762	68,277	20,155
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.09	1.72	5.16	1.52
	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2013 RM'000	AUDITED AS AT 30.06.2013 RM'000	UNAUDITED AS AT 30.09.2013 RM'000	AUDITED AS AT 30.06.2013 RM'000
ASSETS				
Non-current Assets				
Investment properties	1,555,643	1,548,539	1,342,721	1,342,627
Property, plant and equipment	1,290,722	1,263,617	-	-
Investment in subsidiaries	-	-	344,792	344,792
Amount due from subsidiaries	-	-	1,235,911	1,198,083
Deferred tax assets	3,330	3,317	-	-
	-----	-----	-----	-----
	2,849,695	2,815,473	2,923,424	2,885,502
	-----	-----	-----	-----
Current Assets				
Inventories	945	927	-	-
Trade and other receivables	18,157	12,620	3,509	1,392
Amount due from subsidiaries	-	-	82,231	56,485
Deposits with licensed financial institution	82,169	107,370	42,418	89,029
Bank balances	50,728	55,515	690	705
	-----	-----	-----	-----
	151,999	176,432	128,848	147,611
	-----	-----	-----	-----
TOTAL ASSETS	3,001,694	2,991,905	3,052,272	3,033,113
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,291,395	1,291,395	1,291,395	1,291,395
Undistributed income	162,867	173,799	146,016	103,134
Currency translation reserves	(100,979)	(149,126)	-	-
	-----	-----	-----	-----
Net Asset Value	1,353,283	1,316,068	1,437,411	1,394,529
	-----	-----	-----	-----
LIABILITIES				
Non-current Liabilities				
Borrowing	1,575,829	1,575,469	1,575,829	1,575,469
Other payables	1,573	2,449	-	-
Deferred tax liabilities	431	285	-	-
	-----	-----	-----	-----
	1,577,833	1,578,203	1,575,829	1,575,469
	-----	-----	-----	-----
Current Liabilities				
Trade and other payables	45,146	47,300	13,637	12,881
Income tax liabilities	37	100	-	-
Provision for income distribution	25,395	50,234	25,395	50,234
	-----	-----	-----	-----
	70,578	97,634	39,032	63,115
	-----	-----	-----	-----
TOTAL LIABILITIES	1,648,411	1,675,837	1,614,861	1,638,584
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	3,001,694	2,991,905	3,052,272	3,033,113
	=====	=====	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF FINANCIAL POSITION – continued**

	GROUP		TRUST	
	UNAUDITED AS AT 30.09.2013 RM'000	AUDITED AS AT 30.06.2013 RM'000	UNAUDITED AS AT 30.09.2013 RM'000	AUDITED AS AT 30.06.2013 RM'000
Net asset value (RM'000)	1,353,283 =====	1,316,068 =====	1,437,411 =====	1,394,529 =====
Number of units in circulations ('000)	1,324,389 =====	1,324,389 =====	1,324,389 =====	1,324,389 =====
Net asset value per unit (RM)				
- before income distribution	1.041	1.068	1.105	1.127
- after income distribution	1.022 =====	0.994 =====	1.085 =====	1.053 =====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

GROUP	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income RM'000	Currency Translation Reserves RM'000	Unitholders' Funds RM'000
At 1 July 2013	1,291,395	130,367	43,432	(149,126)	1,316,068
Operations for the period					
Profit for the period	-	14,275	188	-	14,463
Other comprehensive income					
Currency translation differences	-	-	-	48,147	48,147
	-----	-----	-----	-----	-----
Increase in net assets resulting from operations	-	14,275	188	48,147	62,610
Unitholders' transactions					
Provision for income distribution	-	(25,395)	-	-	(25,395)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	-	(25,395)
	-----	-----	-----	-----	-----
At 30 September 2013	1,291,395	119,247	43,620	(100,979)	1,353,283
	=====	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 - continued**

TRUST	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income RM'000	Currency Translation Reserves RM'000	Unitholders' Funds RM'000
At 1 July 2013	1,291,395	179,613	(76,479)	-	1,394,529
Operations for the period					
Profit for the period	-	28,217	40,060	-	68,277
Other comprehensive income	-	-	-	-	-
	-----	-----	-----	-----	-----
Increase in net assets resulting from operations	-	28,217	40,060	-	68,277
Unitholders' transactions					
Provision for income distribution	-	(25,395)	-	-	(25,395)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transaction	-	(25,395)	-	-	(25,395)
	-----	-----	-----	-----	-----
At 30 September 2013	1,291,395	182,435	(36,419)	-	1,437,411
	=====	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

GROUP	Unitholders' Capital RM'000	Distributable	<--Non distributable-->		Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserves RM'000	
At 1 July 2012	1,291,395	172,211	43,585	8,345	1,515,536
Operations for the period					
Profit/(Loss) for the period	-	22,796	(34)	-	22,762
Other comprehensive expense					
Currency translation differences	-	-	-	(2,785)	(2,785)
	-----	-----	-----	-----	-----
Increase / (Decrease) in net assets resulting from operations	-	22,796	(34)	(2,785)	19,977
Unitholders' transactions					
Provision for income distribution	-	(22,251)	-	-	(22,251)
	-----	-----	-----	-----	-----
Decrease in net assets resulting from Unitholders' transactions	-	(22,251)	-	-	(22,251)
	-----	-----	-----	-----	-----
At 30 September 2012	1,291,395	172,756	43,551	5,560	1,513,262
	=====	=====	=====	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 - continued**

TRUST	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income RM'000	Currency Translation Reserves RM'000	Unitholders' Funds RM'000
At 1 July 2012	1,291,395	172,174	50,456	-	1,514,025
Operations for the period					
Profit / (Loss) for the period	-	22,251	(2,096)	-	20,155
Other comprehensive income	-	-	-	-	-
Increase in net assets resulting from operations	-	22,251	(2,096)	-	20,155
Unitholders' transactions					
Provision for income distribution	-	(22,251)	-	-	(22,251)
Decrease in net assets resulting from Unitholders' transactions	-	(22,251)	-	-	(22,251)
At 30 September 2012	1,291,395	172,174	48,360	-	1,511,929

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Statements of Changes in Net Asset Value should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	FOR THE 3 MONTHS ENDED	
	30.09.2013	30.09.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,830	23,003
Adjustments for :-		
Amortisation of transaction cost	360	-
Depreciation of property, plant and equipment	12,326	-
Interest income	(901)	(534)
Impairment loss on equipment	171	-
Interest expense	18,021	2,270
Loss on disposal of equipment	12	-
Unrealised (gain)/loss on foreign currency exchange	(188)	34
	-----	-----
Operating profit before changes in working capital	44,631	24,773
Net changes in current assets	(5,174)	(65,325)
Net changes in current liabilities	(4,183)	349
	-----	-----
Cash generated from/(used in) operation	35,274	(40,203)
Tax paid	(204)	(241)
	-----	-----
Net cash from/(used in) operating activities	35,070	(40,444)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	901	534
Proceed from disposal of equipment	29	-
Acquisition of equipment	(611)	-
	-----	-----
Net cash from investing activities	319	534
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	43,471
Interest paid	(18,021)	(2,270)
Distribution paid	(50,234)	(48,005)
	-----	-----
Net cash used in financing activities	(68,255)	(6,804)
	-----	-----
Net decrease in cash and cash equivalent	(32,866)	(46,714)
Effect on exchange rate changes	2,878	(6)
Cash and cash equivalent at beginning of financial period	162,885	92,007
	-----	-----
Cash and cash equivalent at end of financial period (note a)	132,897	45,287
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 - continued**

Note (a)

Cash and cash equivalent

	As At 30.09.2013 RM'000	As At 30.09.2012 RM'000
Deposits with licensed financial institution	82,169	44,052
Bank balances	50,728	1,235
	-----	-----
	132,897	45,287
	=====	=====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to MFRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2013.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “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 Group and the Trust in the interim financial report are consistent with those adopted in the latest audited annual financial statements.

The adoption of MFRS and amendments to MFRSs, which were effective for the financial period beginning 1 July 2013, do not have significant financial impacts on the interim financial report of the Group and of the Trust.

A2. Seasonality or Cyclicity of Operations

Save for the Australian Properties, the business operations of the Group and of the Trust are not materially affected by any seasonal or cyclical factors.

A3. 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 Group and 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 B15.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Income Distribution

An interim distribution of 3.7930 sen per unit (which is tax exempt at the Trust level under the amended Section 61A, Income Tax Act, 1967), totalling RM50,234,070, in respect of the six month period ended 30 June 2013 was paid during the financial quarter.

A7. Segment Information

The Group's segmental result for the financial period ended 30 September 2013 is as follows:-

	<--- Property Rental --->		<-- Hotel-->	
	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	24,488	3,922	74,171	102,581
Operating expenses	(1,211)	(708)	(52,388)	(54,307)
Net property income	23,277	3,214	21,783	48,274
Other income	577	-	324	901
Total income	23,854	3,214	22,107	49,175
Trust and administration expenses	(2,432)	(95)	(13,434)	(15,961)
Finance costs	(18,384)	-	-	(18,384)
Profit before tax	3,038	3,119	8,673	14,830
Total assets	1,389,339	217,180	1,395,175	3,001,694

The Group's segmental result for the financial period ended 30 September 2012 is as follows:-

	Malaysia RM'000	Japan RM'000	Total RM'000
External revenue	24,218	3,859	28,077
Property expenses	(1,156)	(861)	(2,017)
Net property income	23,062	2,998	26,060
Other income	534	-	534
Total income	23,596	2,998	26,594
Trust and administration expenses	(1,308)	(13)	(1,321)
Finance costs	(2,270)	-	(2,270)
Profit before tax	20,018	2,985	23,003
Total assets	1,519,437	265,421	1,784,858

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A8. Events after the interim period

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

A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current quarter ended 30 September 2013 and the fund size stands at 1,324,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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

Comparison with Preceding Year Corresponding Quarter

For the current financial quarter ended 30 September 2013, the Group recorded a revenue and net property income of RM102.581 million and RM48.274 million, respectively, representing an increase of 265.36% and 85.24%, respectively as compared to RM28.077 million and RM26.060 million, respectively recorded in the preceding year corresponding quarter ended 30 September 2012.

The increase in revenue and net property income for the current financial quarter was attributed mainly to the recognition of revenue generated by Sydney Harbour Marriott Hotel, Brisbane Marriott Hotel and Melbourne Marriott Hotel (collectively known as “Australian Properties”), which were acquired on 29 November 2012.

For the current financial quarter ended 30 September 2013, the Group recorded a profit before tax of RM14.830 million, a decrease of 35.53%, as compared to RM23.003 million recorded in the preceding year corresponding quarter ended 30 September 2012. The decrease in profit before tax was due to depreciation charge related to the Australian Properties and additional borrowing costs incurred to finance the acquisition of the Australian Properties.

However, the income available for distribution increased from RM22.251 million recorded in preceding year corresponding quarter to RM28.217 million recorded in current financial quarter, representing an increase of 26.81%, after adjustment of non-cash transaction mainly for depreciation charges of the Australian Properties.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

Comparison with Preceding Quarter

	Current Quarter 30.09.2013 RM'000	Preceding Quarter 30.06.2013 RM'000
Revenue	102,581	99,796
Net Property Income	48,274	45,519
Profit Before Tax	14,830	1,176
Income Available For Distribution	28,217	28,535

The Group's revenue and net property income for the current financial quarter ended 30 September 2013 increased marginally by 2.79% and 6.05%, respectively as compared to the preceding quarter ended 30 June 2013.

The Group's profit before tax for the current financial quarter ended 30 September 2013 increased to RM14.830 million from RM1.176 million, representing an improvement of 1,161.05%, as the current quarter recorded a reversal of over provision of depreciation charges on the Australian Properties in the preceding quarter.

The Group's income available for distribution for the current financial quarter ended 30 September 2013 amounting to RM28.217 million, approximated to the preceding financial quarter.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Audit Report of the preceding financial year ended 30 June 2013

The Auditor's Report on the financial statements of the financial year ended 30 June 2013 did not contain any qualification.

B3. Significant Changes in the State of Affairs

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

B4. Portfolio Composition

As at 30 September 2013, Starhill REIT's composition of investment portfolio is as follows:

	Fair value as at 30.09.2013 RM'000	% of fair value to NAV as at 30.09.2013 %
<u>Real Estate – Commercial</u>		
(i) JW Marriott Hotel, Kuala Lumpur	349,700	26
(ii) The Residences at The Ritz-Carlton, Kuala Lumpur	223,975	17
(iii) The Ritz-Carlton, Kuala Lumpur	253,017	19
(iv) Vistana Penang	101,778	8
(v) Vistana Kuala Lumpur	101,207	7
(vi) Vistana Kuantan	75,980	6
(vii) Pangkor Laut Resort	98,365	7
(viii) Tanjong Jara Resort	88,050	7
(ix) Cameron Highlands Resort	50,649	4
(x) Hilton Niseko *	212,923	16
(xi) Sydney Harbour Marriott ^	771,986	57
(xii) Brisbane Marriott ^	353,951	26
(xiii) Melbourne Marriott ^	164,784	12

	2,846,365	
Deposits with licensed financial institution	82,169	6

	2,928,534	
	=====	

Note :

* Translated on 30 September 2013 at the exchange rate of JPY100 : RM3.3255

^ Translated on 30 September 2013 at the exchange rate of AUD1 : RM3.0332

There was no change to the portfolio composition of the Group and the Trust for the quarter under review.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 30 September 2013 were RM1,353,282,419 and RM1.0218, respectively. The increase in total NAV and NAV per unit was mainly due to the recognition of unrealised foreign exchange gain on investments in Japanese and Australian subsidiaries.

	Current Quarter 30.09.2013 RM	Preceding Quarter 30.06.2013 RM
NAV	1,353,282,419	1,316,068,364
NAV per unit	1.0218	0.9937

B6. Change in Market Value

On 30 September 2013, Starhill REIT’s market value closed at RM1.03 per unit, a decrease of 2.83% as compared to the closing market value of RM1.06 per unit on 28 June 2013.

B7. Prospects

The Manager, after considering the strength of the real estate portfolio invested, is optimistic that the Group is expected to achieve satisfactory performance for the financial year ending 30 June 2014.

B8. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the financial quarter.

B9. Circumstances Affecting Interest of Unitholders

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

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B10. Material Litigation

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

B11. Maintenance Costs and Major Capital Expenditure

There was no maintenance costs and major capital expenditure incurred during the financial quarter except for RM611,000 incurred for the enhancement of the hotel properties and purchase of hotel equipment.

B12. 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 Group or by the Trust.

B13. Taxation

Taxation comprises the following:-

	Current Quarter 30.09.2013 RM'000	Year To Date 30.09.2013 RM'000
Withholding tax	201	201
Foreign income tax	(56)	(56)
Deferred tax	222	222
	-----	-----
	367	367
	=====	=====

Trust level

It is the policy of the Trust to distribute at least 90% of the realised and distributable income to unitholders for each financial year. Income of the Trust shall be exempted from tax if it distributes 90% or more of its taxable income for that year of assessment, in accordance with the amended Section 61A, Income Tax Act, 1967, thus no Malaysian income tax is payable by the Trust during the financial quarter.

Unitholders' level

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Starhill REIT's level:-

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

Category of unitholders	Withholding tax rate
Resident and non-resident individuals	10%
Resident and non-resident institutions	10%
Resident companies	No withholding tax. Subject to corporate tax at the prevailing rate of 25%
Non-resident companies	25%

B14. Corporate Development

As at the date of this report, there is no corporate proposal announced and pending completion, save for the following:-

On 14 June 2013, the Manager of Starhill REIT proposed to undertake the following proposals:-

- (i) Proposed placement of new units in Starhill REIT (“Placement Units”), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay Starhill REIT’s borrowings and reduce its gearing level (“Proposed Placement”);
- (ii) Proposed increase in the existing approved fund size of Starhill REIT from 1,324,388,889 units up to a maximum of 2,125,000,000 units (“Proposed Increase in Fund Size”) to facilitate the issuance of the Placement Units pursuant to the Proposed Placement; and
- (iii) Proposed increase in borrowing limit to 60% of total asset value (“Proposed Increase in Borrowing Limit”) to provide Starhill REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future.

On 28 June 2013, the existing major unitholder of the Starhill REIT, namely YTL Corporation Berhad, accepted Starhill REIT’s conditional invitation for Placement Units of up to RM310 million in value (“Proposed Subscription”).

The above proposals are pending approvals of Securities Commission Malaysia, Bursa Securities and unitholders at a general meeting to be convened.

The Proposed Placement is conditional on the Proposed Increase in Fund Size. The Proposed Increase in Fund Size and Proposed Increase in Borrowing Limit are not conditional on any proposal.

B15. Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at 30 September 2013 are set below:

Long term	RM’000
Term Loan – secured	1,581,800
Capitalised transaction costs	(5,971)

	1,575,829
	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B16. Income Distribution

The Board of Pintar Projek Sdn. Bhd. has declared an interim distribution of 1.9175 sen per unit of which 1.9175 sen is taxable in the hands of unitholders, totaling RM 25,395,157 (which is tax exempt at the Trust level under the amended Section 61A of the Income Tax Act 1967). The total income distribution of RM25,395,157 represents approximately 90% of the total distributable income for the financial period ended 30 September 2013.

The interim income distribution of RM25,395,157 is from the following sources:-

	RM'000
Profit after taxation	14,463
Distribution adjustments:-	
Depreciation	12,326
Net loss from overseas operations	1,616
Unrealised foreign translation differences	(188)

Income available for distribution/Total distributable income	28,217
Less: Income distribution	(25,395)

Undistributed distributable income	2,822
	=====

B17. Unitholding by the Manager and Parties Related to the Manager

As at 30 September 2013, the Manager did not hold any units in Starhill REIT. The units held by the parties related to the Manager are as follows:-

	Number Of Units '000	Market Value RM'000
YTL Corporation Berhad	747,464	769,888
YTL Power International Berhad	43,090	44,382
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	870	896
Dato' Yeoh Seok Kah	1,000	1,030
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	70	72

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 RM1.03 per unit as at 30 September 2013.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B18. Realised and Unrealised Retained Profits/Undistributed Income

The breakdown of the undistributed income of the Group as at 30 September 2013, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 25 March 2010 and 20 December 2010 is as follows:-

	As at 30.09.2013 RM'000	As at 30.06.2013 RM'000
Total undistributed income of the Trust and its subsidiaries		
- Realised	95,310	117,861
- Unrealised	(36,085)	(75,923)
	-----	-----
	59,225	41,938
Add: Consolidation adjustments	103,642	131,861
	-----	-----
Total group undistributed income as per consolidated financial statements	162,867	173,799
	=====	=====

B19. 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 MFRS 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 2013 and of its financial performance and cash flows for the financial quarter/period ended on that date.

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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: 21 November 2013