

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
31 March 2010

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 31 March 2010.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR TO DATE 31.03.2009 RM'000
NET REVENUE	29,164	27,296	83,178	82,370
PROPERTY OPERATING EXPENSES	(4,660)	(4,739)	(14,351)	(14,139)
NET PROPERTY INCOME	24,504	22,557	68,827	68,231
OTHER INCOME	506	626	1,364	2,297
FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES*	-	-	-	254,360
TRUST EXPENSES	(1,029)	(984)	(3,014)	(2,970)
ADMINISTRATION EXPENSES	(299)	(11)	(390)	(272)
BORROWING COST	(2,133)	(2,133)	(6,494)	(6,494)
INCOME BEFORE TAX	21,549	20,055	60,293	315,152
INCOME TAX EXPENSE	-	-	-	-
INCOME FOR THE PERIOD	21,549	20,055	60,293	315,152

STARHILL REAL ESTATE INVESTMENT TRUST

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CONDENSED INCOME STATEMENT – continued

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2009 RM'000	CURRENT YEAR TO DATE 31.03.2010 RM'000	PRECEDING YEAR TO DATE 31.03.2009 RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	21,549	20,055	60,293	60,792
UNREALISED *	-	-	-	254,360
	-----	-----	-----	-----
	21,549	20,055	60,293	315,152
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.83	1.70	5.11	26.73
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.83	1.70	5.11	5.16
	=====	=====	=====	=====

* 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.

STARHILL REAL ESTATE INVESTMENT TRUST

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CONDENSED BALANCE SHEET

	AS AT 31.03.2010 RM'000	AS AT 30.06.2009 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,551,683	1,550,201
Current Assets		
Trade receivables	9,820	7,341
Other receivables	1,819	735
Fixed deposits	74,783	97,661
Bank balances	394	738
	-----	-----
	86,816	106,475
	-----	-----
TOTAL ASSETS	1,638,499	1,656,676
	=====	=====
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
Other payables	5,231	9,347
	-----	-----
	5,231	189,347
	-----	-----
Current Liabilities		
Borrowing	180,000	-
Other payables	11,462	6,321
Provision for income distribution	21,549	40,751
	-----	-----
	213,011	47,072
	-----	-----
TOTAL LIABILITIES	218,242	236,419
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	1,638,499	1,656,676
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED BALANCE SHEET – continued

	AS AT 31.03.2010 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)	1.2047 =====	1.2047 =====

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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 31 MARCH 2010**

9 months ended 31 March 2010	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	-	60,293	-	60,293
Increase in net assets resulting from operations	-	60,293	-	60,293
Unitholders transactions				
Distribution paid	-	(38,744)	-	(38,744)
Provision for income distribution	-	(21,549)	-	(21,549)
Decrease in net assets resulting from unitholders transactions	-	(60,293)	-	(60,293)
As at 31 March 2010	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 31 MARCH 2010 - continued**

9 months ended 31 March 2009	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	-	60,792	254,360	315,152
Increase in net assets resulting from operations	-	60,792	254,360	315,152
Unitholders transactions				
Distribution paid		(40,735)		(40,735)
Provision for income distribution	-	(20,057)	-	(20,057)
Decrease in net assets resulting from unitholders transactions	-	(60,792)	-	(60,792)
As at 31 March 2009	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 31 MARCH 2010**

	9 months ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
Net cash generated from operating activities	57,755	61,519
Net cash (used in)/generated from investing activities	(1,482)	1,591
Net cash used in financing activities	(79,495)	(88,377)
Net decrease in cash and cash equivalent	(23,222)	(25,267)
Cash and cash equivalents at beginning of financial period	98,399	103,755
Cash and cash equivalent at end of financial period (note a)	75,177	78,488

Note (a)

Cash and cash equivalent

	As At	As At
	31.03.2010	31.03.2009
	RM'000	RM'000
Fixed Depos it	74,783	78,366
Bank balances	394	122
	75,177	78,488

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.

STARHILL REAL ESTATE INVESTMENT TRUST

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

The interim distribution of 3.2865 sen per unit (which is tax exempt at the Trust level under Section 61A, Income Tax Act, 1967), totalling RM38,744,183, in respect of the six month period ended 31 December 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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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Disclosure requirements per paragraph 9.44 of the Listing Requirements of Bursa Securities for the Main Market

B1. Review of Performance

Quarter results

The Trust recorded RM29.164 million and RM21.549 million of revenue and income before tax respectively for the current financial quarter ended 31 March 2010 representing an increase of 6.84% and 7.45% respectively as compared to that recorded in the corresponding quarter ended 31 March 2009.

Nine-month results

For the financial period ended 31 March 2010, the Trust recorded RM83.178 million and RM60.293 million of revenue and income before tax respectively, representing a marginal increase of 0.98% and a decrease of 80.87% as compared to that recorded in the corresponding period ended 31 March 2009.

Included in the income before tax in the corresponding period ended 31 March 2009 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. At the operating level, realised income before tax for the current period ended 31 March 2010 amounted to RM60.293 million, representing a marginal decrease of 0.82% as compared to that recorded in the corresponding period ended 31 March 2009.

Comparison with Preceding Quarter

	Current Quarter 31.03.2010 RM'000	Preceding Quarter 31.12.2009 RM'000
Revenue	29,164	25,957
Income before tax	21,549	18,268
Income after tax before provision for income distribution	21,549	18,268

The Trust's revenue and income before tax for the current financial quarter ended 31 March 2010 increased to RM29.164 million and RM21.549 million from RM25.957 million and RM18.268 million respectively recorded in the preceding financial quarter ended 31 December 2009. This represents an increase of 12.36% and 17.96% in revenue and income before tax respectively.

The increase in revenue and income before tax was substantially due to higher rental rates procured for new tenancies.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

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.

B3. Portfolio Composition

As at 31 March 2010, Starhill REIT's composition of investment portfolio is as follows:

	Fair value as at 31.03.2010 RM'000	Total Real Estate Portfolio %
<u>Real Estate - Commercial</u>		
Lot 10 Parcels	403,786	26
Starhill Gallery	667,897	43
JW Marriott Hotel Kuala Lumpur	335,000	22
The Residences Properties	145,000	9
	-----	-----
	1,551,683	100
	=====	=====

There were no material changes in the portfolio composition, except for additions to the Lot 10 Property, in respect of capital enhancement which amounted to RM132,500 and contribution to DBKL's Covered Walkway & Improvement Service Fund which amounted to RM1,348,951.

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

The total NAV and NAV per unit of the Trust as at 31 March 2010 were RM1,420,257,000 and RM1.2047 respectively. There were no material changes in the total NAV and NAV per unit as compared to the immediate preceding quarter.

B5. Change in Market Value

On 31 March 2010, the market value per unit in Starhill REIT closed at RM0.845, a decrease of 1.17% compared to the opening market value of RM0.855 per unit on 1 January 2010.

B6. Review of the Property Market

During the financial quarter, the retail properties owned by the Trust recorded satisfactory average occupancy rates which are relatively higher than the average occupancy rate for shopping centres in Kuala Lumpur.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B7. 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.

B8. Circumstances Affecting Interest of Unitholders

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

B9. Material Litigation

There were no changes in material litigation since the last annual balance sheet as at 30 June 2009.

B10. Maintenance Costs and Major Capital Expenditure

Save as disclosed in Note B3, there is no major maintenance costs and capital expenditure incurred during the financial quarter.

B11. 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.

B12. 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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Notes : continued

B13. 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 had entered into Heads of Agreement (“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.

Bursa Malaysia Securities Berhad has vide its letter dated 15 December 2009, approved the application for waiver in relation to paragraph 8.04 and Practice Note 17 of the Main Market Listing Requirements subject to the following conditions :-

- (i) To inform Bursa Securities of the completion of the Proposed Disposal; and
- (ii) To complete the acquisition of prime hotel properties in Malaysia within six months after the completion date of the Proposed Disposal and to inform Bursa Securities of the fulfillment of this condition.

Bank Negara Malaysia had vide its letter dated 23 February 2010 approved the Trust’s investment in convertible preference units (“CPUs”) in Starhill Global Real Estate Investment Trust (“SG REIT”) as part of the sale consideration pursuant to the Proposed Disposal.

The Securities Commission (“SC”) had vide its letter dated 24 February 2010 approved the following :-

- (1) Offering of CPUs by SG REIT to Starhill REIT; and
- (2) Extension of time to comply with the authorised investment, spread and concentration limits prescribed under clause 8.08, 8.22(b), (c) and (d) of the SC’s Guidelines on Real Estate Investment Trust within six months from the date of the completion of the Proposed Disposal;

subject to the following conditions:

- (i) The CPUs held by Starhill REIT and subsequently by YTL Corporation Berhad and subsidiaries must not be distributed; and
- (ii) The offering of CPUs by SG REIT must be completed within six months from the SC’s letter dated 24 February 2010. The SC’s approval is deemed to lapse if SG REIT fails to do so within the stipulated timeframe.

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Notes : continued

The Board of Pintar Projek Sdn Bhd had on 16 April 2010 announced that in furtherance of the Heads of Agreement, Starhill REIT has entered into two separate conditional sales and purchase agreements with Ara Bintang Berhad for the sale and purchase of Starhill Gallery and the Lot 10 Property for a sale consideration of RM629 million and RM401million respectively.

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

B14. Borrowings and Debt Securities

The borrowing of RM180 million with a tenure of five years and bears a fixed interest rate of 4.8% per annum is secured by a first fixed charge over investment properties. The borrowing shall be repaid in one lump sum on 16 December 2010.

B15. 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.

B16. Unitholding by the Manager and Parties Related to the Manager

As at 31 March 2010, the Manager did not hold any units in Starhill REIT. The related parties of the Manager held units in Starhill REIT as follows :-

	31.03.2010	
	Number Of Units '000	Market Value RM'000
YTL Corporation Berhad	747,084	631,286
YTL Power International Berhad	43,090	36,411
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	870	735
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	20	17

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 RM0.845 per unit as at 31 March 2010.

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Notes : continued

B17. 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 31 March 2010 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: 27 May 2010