

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 31 December 2008.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2008 RM'000	YEAR CORRESPONDING QUARTER 31.12.2007 RM'000	CURRENT YEAR TO DATE 31.12.2008 RM'000	PRECEDING YEAR TO DATE 31.12.2007 RM'000
NET REVENUE	27,208	26,685	55,074	53,577
PROPERTY OPERATING EXPENSES	(4,700)	(4,415)	(9,400)	(8,760)
NET PROPERTY INCOME	22,508	22,270	45,674	44,817
OTHER INCOME	782	803	1,671	1,551
FAIR VALUE ADJUSTMENT OF INVESTMENT PROPERTIES*	-	-	254,360	-
TRUST EXPENSES	(991)	(902)	(1,986)	(1,809)
ADMINISTRATION EXPENSES	(14)	(15)	(261)	(85)
BORROWING COST	(2,181)	(2,181)	(4,361)	(4,361)
INCOME BEFORE TAXATION	20,104	19,975	295,097	40,113
TAXATION	-	-	-	-
INCOME FOR THE PERIOD	20,104	19,975	295,097	40,113

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CONDENSED INCOME STATEMENT – continued

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2007 RM'000	CURRENT YEAR TO DATE 31.12.2008 RM'000	PRECEDING YEAR TO DATE 31.12.2007 RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	20,104	19,975	40,737	40,113
UNREALISED *	-	-	254,360	-
	-----	-----	-----	-----
	20,104	19,975	295,097	40,113
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.71	1.69	25.03	3.40
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.71	1.69	3.46	3.40
	=====	=====	=====	=====

* 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 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED BALANCE SHEET

	AS AT 31.12.2008 RM'000	AS AT 30.06.2008 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,529,664	1,275,135
Current Assets		
Trade receivables	4,637	2,895
Other receivables	308	176
Fixed deposits	101,647	103,588
Bank balances	211	167
	-----	-----
	106,803	106,826
	-----	-----
TOTAL ASSETS	<u>1,636,467</u>	<u>1,381,961</u>
UNITHOLDERS' FUNDS		
Unitholders' capital	1,145,895	1,145,895
Undistributed income	254,361	1
	-----	-----
Net Asset Value	1,400,256	1,145,896
	-----	-----
LIABILITIES		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	10,598	8,531
	-----	-----
	190,598	188,531
	-----	-----
Current Liabilities		
Other payables	4,876	6,378
Provision for income distribution	40,737	41,156
	-----	-----
	45,613	47,534
	-----	-----
TOTAL LIABILITIES	<u>236,211</u>	<u>236,065</u>
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>1,636,467</u>	<u>1,381,961</u>

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CONDENSED BALANCE SHEET – continued

	AS AT 31.12.2008 RM'000	AS AT 30.06.2008 RM'000
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)	1.1878 =====	0.9720 =====

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The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

6 months ended 31 December 2008	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Income Realised RM'000	Unrealised RM'000	
Net assets as at 1 July 2008	1,145,895	1	-	1,145,896
Net income for the period	-	40,737	254,360	295,097
Provision for income distribution	-	(40,737)	-	(40,737)
As at 31 December 2008	1,145,895	1	254,360	1,400,256

6 months ended 31 December 2007	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Income Realised RM'000	Unrealised RM'000	
Net assets as at 1 July 2007	1,145,901	1	-	1,145,902
Acquisition expenses	(6)	-	-	(6)
Net income for the period	-	40,113	-	40,113
Provision for income distribution	-	(40,112)	-	(40,112)
As at 31 December 2007	1,145,895	2	-	1,145,897

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 2008 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 DECEMBER 2008**

	6 months ended	
	31.12.2008	31.12.2007
	RM'000	RM'000
Net cash generated from operating activities	42,113	44,062
Net cash generated from investing activities	1,502	1,545
Net cash used in financing activities	(45,512)	(29,736)
Net (decrease) / increase in cash and cash equivalent	(1,897)	15,871
Cash and cash equivalents at beginning of financial period	103,755	85,784
Cash and cash equivalent at end of financial period (note a)	101,858	101,655

Note (a)

Cash and cash equivalent

	As At	As At
	31.12.2008	31.12.2007
	RM'000	RM'000
Fixed Deposit	101,647	101,522
Bank balances	211	133
	101,858	101,655

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Notes :

Disclosure requirement per FRS 134 – paragraph 16

The interim financial report should be read in conjunction with the audited financial report of the Trust for the year ended 30 June 2008. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Trust since the financial year ended 30 June 2008.

A1. Accounting Policies

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

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.

A6. Income Distribution

There was no distribution paid during the current financial quarter ended 31 December 2008. A provision was made to distribute approximate 100% of the distributable income for the six months period ended 31 December 2008 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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Notes : - continued

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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Notes :

Disclosure requirement per Bursa Securities' Listing Requirements Part A of Appendix 9B

B1. Review of Performance

The Trust recorded RM27.208 million and RM20.104 million of revenue and income before taxation respectively for the current financial quarter ended 31 December 2008, representing an increase of 1.96% and 0.65% recorded in previous corresponding quarter ended 31 December 2007.

For the financial period ended 31 December 2008, the Trust recorded RM55.074 million and RM295.097 million of revenue and income before taxation respectively, representing an increase of 2.79% and 635.66% recorded in previous corresponding period ended 31 December 2007.

Included in the income before taxation 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. The increases in revenue and income before taxation (before fair value adjustment of investment properties) were mainly contributed by increase in service charge rate for all tenancies on July 2008, higher rental rates received from renewal of existing tenancies and commencement of new tenancies from Starhill Gallery and Lot 10.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2008 RM'000	Preceding Quarter 30.09.2008 RM'000
Revenue	27,208	27,866
Income before taxation	20,104	20,633*
Income after taxation before provision for income distribution	20,104	20,633*

* For comparison purpose, income for the current quarter ended 30 September 2008 stated above is before the fair value adjustment of investment properties of RM254.360 million.

The Trust's revenue and income before taxation for the current financial quarter ended 31 December 2008 decreased marginally to RM27.208 million and RM20.104 million from RM27.866 million and RM20.633 million recorded in the preceding financial quarter ended 30 September 2008. This represents a decrease of 2.36% and 2.56% in revenue and income before taxation respectively due substantially to temporary vacancies following the on-going rebranding exercise of the Lot 10 property.

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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 2009.

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 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 report, there was no corporate proposal announced and pending completion.

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.

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Notes : continued

B11. Material litigation

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

B12. Income Distribution

The Board of Pintar Projek Sdn Bhd has declared an interim income distribution of 3.4554 sen per unit, totaling RM40,735,327, (which is tax exempt at Trust level under Section 61A of the Income Tax Act 1967) (30 December 2007 : 3.4025 sen per unit, totaling RM40,111,694) representing approximately 100% of the distributable income for the six months period ended 31 December 2008.

The Book Closure and Payment Dates in respect of the interim income distribution will be fixed on 10 February 2009 and 27 February 2009 respectively.

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
	31.12.2008	31.12.2007
Income after taxation for the quarter (RM'000)	20,104 =====	19,975 =====
Weighted average number of Units in issue ('000)	1,178,889 =====	1,178,889 =====
Earnings per unit (sen)	1.71 =====	1.69 =====

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Notes : continued

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
	31.12.2008	31.12.2007
Provision for income distribution (RM'000)	20,104	19,975
Number of units in issue ('000)	1,178,889	1,178,889
Distribution per unit (sen)	1.71	1.69

B15. Audit Report of preceding financial year ended 30 June 2008

The audit report on the financial statements of the preceding financial year ended 30 June 2008 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: 20 January 2009