

**STARHILL REAL ESTATE INVESTMENT TRUST**  
Established in Malaysia

**Interim Financial Report**  
**31 December 2009**

**STARHILL REAL ESTATE INVESTMENT TRUST**  
Established in Malaysia

**Interim Financial Report**  
**31 December 2009**

	<b>Page No.</b>
<b>Condensed Income Statement</b>	<b>1 - 2</b>
<b>Condensed Balance Sheet</b>	<b>3 - 4</b>
<b>Condensed Statement of Changes in Net Asset Value</b>	<b>5 - 6</b>
<b>Condensed Cash Flow Statement</b>	<b>7</b>
<b>Notes to the Interim Financial Report</b>	<b>8 - 14</b>

**STARHILL REAL ESTATE INVESTMENT TRUST**  
**INTERIM FINANCIAL REPORT**

**DRAFT**  
**FOR BOARD**  
**APPROVAL**

Interim financial report on results for the financial period ended 31 December 2009.

The figures have not been audited.

**CONDENSED INCOME STATEMENT**

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2009 RM'000	YEAR CORRESPONDING QUARTER 31.12.2008 RM'000	CURRENT YEAR TO DATE 31.12.2009 RM'000	PRECEDING YEAR TO DATE 31.12.2008 RM'000
NET REVENUE	25,957	27,208	54,014	55,074
PROPERTY OPERATING EXPENSES	(4,981)	(4,700)	(9,691)	(9,400)
NET PROPERTY INCOME	20,976	22,508	44,323	45,674
OTHER INCOME	463	782	858	1,671
FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES*	-	-	-	254,360
MANAGER'S FEES	(842)	(868)	(1,735)	(1,742)
TRUSTEE'S FEE	(125)	(123)	(250)	(244)
VALUATION FEE	-	-	(37)	(147)
ADMINISTRATION EXPENSES	(23)	(14)	(54)	(114)
BORROWING COST	(2,181)	(2,181)	(4,361)	(4,361)
INCOME BEFORE TAX	18,268	20,104	38,744	295,097
INCOME TAX EXPENSE	-	-	-	-
INCOME FOR THE PERIOD	18,268	20,104	38,744	295,097

**STARHILL REAL ESTATE INVESTMENT TRUST**  
**INTERIM FINANCIAL REPORT**

**DRAFT**  
**FOR BOARD**  
**APPROVAL**

**CONDENSED INCOME STATEMENT – continued**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	PRECEDING		CURRENT	PRECEDING
	CURRENT	YEAR		
	YEAR	CORRESPONDING	DATE	DATE
QUARTER	QUARTER	31.12.2009	31.12.2008	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	18,268	20,104	38,744	40,737
UNREALISED *	-	-	-	254,360
	-----	-----	-----	-----
	18,268	20,104	38,744	295,097
	=====	=====	=====	=====
<b>EARNINGS PER UNIT (Sen)</b>	1.55	1.71	3.29	25.03
	=====	=====	=====	=====
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	1.55	1.71	3.29	3.46
	=====	=====	=====	=====

\* 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.

THIS REPORT HAS BEEN REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS

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

DRAFT  
FOR BOARD  
APPROVAL

INTERIM FINANCIAL REPORT

CONDENSED BALANCE SHEET

	AS AT 31.12.2009 RM'000	AS AT 30.06.2009 RM'000
<b>ASSETS</b>		
INVESTMENT PROPERTIES	1,550,334	1,550,201
Current Assets		
Trade receivables	7,020	7,341
Other receivables	498	735
Fixed deposits	96,883	97,661
Bank balances	85	738
	-----	-----
	104,486	106,475
	-----	-----
<b>TOTAL ASSETS</b>	<b>1,654,820</b>	<b>1,656,676</b>
	=====	=====
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	1,145,895	1,145,895
Undistributed income	274,362	274,362
	-----	-----
Net Asset Value	1,420,257	1,420,257
	-----	-----
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowing	-	180,000
Other payables	9,911	9,347
	-----	-----
	9,911	189,347
	-----	-----
Current Liabilities		
Borrowing	180,000	-
Other payables	5,908	6,321
Provision for income distribution	38,744	40,751
	-----	-----
	224,652	47,072
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>234,563</b>	<b>236,419</b>
	-----	-----
<b>TOTAL UNITHOLDERS' FUNDS &amp; LIABILITIES</b>	<b>1,654,820</b>	<b>1,656,676</b>
	=====	=====

**STARHILL REAL ESTATE INVESTMENT TRUST**  
**INTERIM FINANCIAL REPORT**

**DRAFT**  
**FOR BOARD**  
**APPROVAL**

**CONDENSED BALANCE SHEET – continued**

	<b>AS AT</b> <b>31.12.2009</b> <b>RM'000</b>	<b>AS AT</b> <b>30.06.2009</b> <b>RM'000</b>
Net assets value (RM'000)	1,420,257 =====	1,420,257 =====
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)		
- before income distribution	1.2377	1.2737
- after income distribution	1.2047 =====	1.2047 =====

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

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

DRAFT  
FOR BOARD  
APPROVAL

INTERIM FINANCIAL REPORT

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

6 months ended 31 December 2009	Unitholders' Capital RM'000	Distributable Undistributed Income		Unitholders' Funds RM'000
		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	-	38,744	-	38,744
Increase in net assets resulting from operations	-	38,744	-	38,744
Unitholders transactions				
Provision for income distribution	-	(38,744)	-	(38,744)
Decrease in net assets resulting from unitholders transactions	-	(38,744)	-	(38,744)
As at 31 December 2009	1,145,895	2	274,360	1,420,257

(THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

STARHILL REAL ESTATE INVESTMENT TRUST  
 INTERIM FINANCIAL REPORT

DRAFT  
 FOR BOARD  
 APPROVAL

CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009 - continued

6 months ended 31 December 2008	Unitholders' Capital RM'000	Distributable		Unitholders' Funds RM'000
		Undistributed Realised RM'000	Income Unrealised RM'000	
As at 1 July 2008	1,145,895	1	-	1,145,896
Operations for the period				
Net income for the period	-	40,737	254,360	295,097
Increase in net assets resulting from operations	-	40,737	254,360	295,097
Unitholders transactions				
Provision for income distribution	-	(40,737)	-	(40,737)
Decrease in net assets resulting from unitholders transactions	-	(40,737)	-	(40,737)
As at 31 December 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.



STARHILL REAL ESTATE INVESTMENT TRUST  
 INTERIM FINANCIAL REPORT

DRAFT  
 FOR BOARD  
 APPROVAL

CONDENSED CASH FLOW STATEMENT  
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2009

	6 months ended	
	31.12.2009	31.12.2008
	RM'000	RM'000
Net cash generated from operating activities	42,951	42,113
	=====	=====
Net cash generated from investing activities	725	1,502
	=====	=====
Net cash used in financing activities	(45,107)	(45,512)
	=====	=====
Net decrease in cash and cash equivalent	(1,431)	(1,897)
Cash and cash equivalents at beginning of financial period	98,399	103,755
	-----	-----
Cash and cash equivalent at end of financial period (note a)	96,968	101,858
	=====	=====

**Note (a)**

Cash and cash equivalent

	As At	As At
	31.12.2009	31.12.2008
	RM'000	RM'000
Fixed Deposit	96,883	101,647
Bank balances	85	211
	-----	-----
	96,968	101,858
	=====	=====

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.

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 B14.

**STARHILL REAL ESTATE INVESTMENT TRUST**  
**INTERIM FINANCIAL REPORT**

**DRAFT**  
**FOR BOARD**  
**APPROVAL**

Notes : - continued

**A6. Income Distribution**

There was no distribution paid during the current financial quarter ended 31 December 2009. A provision was made to distribute approximately 100% of the realised and distributable income after tax for the six months period ended 31 December 2009 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.

**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.

STARHILL REAL ESTATE INVESTMENT TRUST  
INTERIM FINANCIAL REPORT

DRAFT  
FOR BOARD  
APPROVAL

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 RM25.957 million and RM18.268 million of revenue and income before tax respectively for the current financial quarter ended 31 December 2009 representing a decrease of 4.60% and 9.13% as compared to that recorded in the corresponding quarter ended 31 December 2008.

Six-month results

For the financial period ended 31 December 2009, the Trust recorded RM54.014 million and RM38.744 million of revenue and income before tax respectively, representing a decrease of 1.92% and 86.87% as compared to that recorded in the corresponding period ended 31 December 2008.

Included in the income before tax in the corresponding period ended 31 December 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 its Income Statement on 15 July 2008. At the operating level, realised income before tax for the current period ended 31 December 2009 amounted to RM38.744 million, representing a decrease of 4.89% as compared to that recorded in the corresponding period ended 31 December 2008.

The decrease in revenue and income before taxation was substantially due to the longer rent free period required to prepare for the commencement of new tenancies at Lot 10 as part of its on going rebranding and repositioning exercise.

Comparison with Preceding Quarter

	<b>Current Quarter 31.12.2009 RM'000</b>	<b>Preceding Quarter 30.09.2009 RM'000</b>
Revenue	25,957	28,057
Income before tax	18,268	20,476
Income after tax before provision for income distribution	18,268	20,476

The Trust's revenue and income before tax for the current financial quarter ended 31 December 2009 decreased to RM25.957 million and RM18.268 million from RM28.057 million and RM20.476 million recorded in the preceding financial quarter ended 30 September 2009. This represents a decrease of 7.48% and 10.78% in revenue and income before tax respectively.

The decrease in revenue and income before tax was substantially due to temporary vacancies that arose from tenancy expiries.

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 December 2009, Starhill REIT's composition of investment portfolio is as follows:

	Fair value As at 31.12.2009 RM'000	Total Real Estate Portfolio %
<b><u>Real Estate - Commercial</u></b>		
Lot 10 Parcels	402,437	26
Starhill Gallery	667,897	43
JW Marriott Hotel Kuala Lumpur	335,000	22
The Residences Properties	145,000	9
	-----	-----
	1,550,334	100
	=====	=====

There were no material changes in the portfolio composition, except for the capital enhancement to the Lot 10 Parcels which amounted to RM132,500.

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

The total NAV and NAV per unit of the Trust as at 31 December 2009 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 December 2009, Starhill REIT market value closed at RM0.855 per unit, a decrease of 4.47% compared to the opening market value of RM0.895 per unit on 1 October 2009.

**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**

**DRAFT  
FOR BOARD  
APPROVAL**

**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 (ie. 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.

CONFIDENTIAL - UNDISBURSED PROFITS AND DIVIDENDS FOR FINANCIAL YEAR 2009/2010

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 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.

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.

The Proposed Disposal is pending the approval of the Securities Commission, 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**

The Board of Pintar Projek Sdn Bhd has declared an interim income distribution of 3.2865 sen per unit (of which 2.5436 sen is taxable and 0.7429 sen is non-taxable in the hands of unitholders), totaling RM38,744,183, (which is tax exempt at Trust level under Section 61A of the Income Tax Act 1967) (30 December 2008 : 3.4554 sen per unit, totaling RM40,735,327) representing approximately 100% of the realised and distributable income for the six months period ended 31 December 2009.

The Book Closure and Payment Dates in respect of the interim income distribution will be fixed on 8 February 2010 and 25 February 2010 respectively

