

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial year ended 30 June 2007.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO	PRECEDING YEAR TO
	QUARTER	CORRESPONDING QUARTER	DATE	DATE
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	26,022	23,523	98,835	50,739
PROPERTY OPERATING EXPENSES	(4,375)	(4,192)	(17,201)	(9,152)
NET PROPERTY INCOME	21,647	19,331	81,634	41,587
OTHER INCOME	701	730	3,138	1,465
TRUST EXPENSES	(862)	(91)	(3,301)	(1,713)
ADMINISTRATIVE EXPENSES	(33)	(102)	(130)	(103)
BORROWING COSTS	(2,157)	(2,822)	(8,651)	(5,331)
INCOME BEFORE TAXATION	19,296	17,046	72,690	35,905
TAXATION	-	-	-	-
INCOME AFTER TAXATION	19,296	17,046	72,690	35,905
EARNINGS PER UNIT (Sen)	1.74	1.64	6.87	3.45
GROSS DISTRIBUTION PER UNIT (Sen)	1.64	1.64	6.70	3.45

The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the period ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements. The comparative financial information for corresponding period represents result for the period of 16 December 2005 (being the listing date) to 30 June 2006.

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CONDENSED BALANCE SHEET

	AS AT 30.06.2007 RM'000	AS AT 30.06.2006 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,275,000	1,150,000
Current Assets		
Trade receivables	2,384	1,738
Other receivables	174	238
Fixed deposits	84,842	97,917
Cash and bank balance	942	74
	-----	-----
	88,342	99,967
	-----	-----
TOTAL ASSETS	<u><u>1,363,342</u></u>	<u><u>1,249,967</u></u>
UNITHOLDERS' FUNDS		
Unitholders' capital	1,145,901	1,022,756
Undistributed income	1	1
	-----	-----
Net Asset Value	1,145,902	1,022,757
	-----	-----
LIABILITIES		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	6,294	7,530
	-----	-----
	186,294	187,530
	-----	-----
Current Liabilities		
Other payables	5,766	3,776
Provision for income distribution	25,380	35,904
	-----	-----
	31,146	39,680
	-----	-----
TOTAL LIABILITIES	<u><u>217,440</u></u>	<u><u>227,210</u></u>
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u><u>1,363,342</u></u>	<u><u>1,249,967</u></u>

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CONDENSED BALANCE SHEET – continued

	AS AT 30.06.2007 RM'000	AS AT 30.06.2006 RM'000
Number of units in circulations ('000)	1,178,889 <u> </u>	1,040,000 <u> </u>
Net asset value per unit (RM)	0.972 <u> </u>	0.983 <u> </u>

The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the period ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007**

	30.06.2007	18.11.2005 to 30.06.2006
	RM'000	RM'000
Net cash generated from operating activities	78,364	48,433
Net cash generated from/ (used in) investing activities	1,283	(638,975)
Net cash (used in) / generated from financing activities	(91,854)	688,533
Net (decrease) / increase in cash and cash equivalent	(12,207)	97,991
Cash and cash equivalents at beginning of period	97,991	-
Cash and cash equivalent at end of the year/period (note a)	85,784	97,991

Note (a)

Cash and cash equivalent

	As At 30.06.2007	As At 30.06.2006
	RM'000	RM'000
Fixed Deposit	84,842	97,917
Cash and bank balances	942	74
	85,784	97,991

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the period ended 30 June 2006 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 YEAR ENDED 30 JUNE 2007**

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
12 months ended 30 June 2007	RM'000	RM'000	RM'000
Net assets as at 30 June 2006	1,022,756	1	1,022,757
Consideration for acquisition of property	125,000	-	125,000
Acquisition expenses	(1,855)	-	(1,855)
Net income for the year	-	72,690	72,690
Distribution paid	-	(47,310)	(47,310)
Provision for income distribution	-	(25,380)	(25,380)
As at 30 June 2007	----- 1,145,901 =====	----- 1 =====	----- 1,145,902 =====

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
18 November 2005 to 30 June 2006	RM'000	RM'000	RM'000
Net assets as at 18 November 2005	1	-	1
Proceeds from Initial Public Offering	1,043,595	-	1,043,595
Listing expenses	(20,840)	-	(20,840)
Net income for the period	-	35,905	35,905
Provision for income distribution	-	(35,904)	(35,904)
As at 30 June 2006	----- 1,022,756 =====	----- 1 =====	----- 1,022,757 =====

The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Audited Financial Report for the period ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Notes :

Disclosure requirement per FRS 134 (formerly known as MASB 26) – paragraph 16

The interim financial report should be read in conjunction with the audited financial report of the Trust for the period ended 30 June 2006. 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 period ended 30 June 2006.

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with FRS134₂₀₀₄ “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective 1 July 2006 as disclosed below:-

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

Save as the early adoption of FRS 140 during the financial period ended 30 June 2006, the adoption of other new / revised FRSs does not have significant financial impact on the Trust.

A2. Audit Report of preceding financial period ended 30 June 2006

The audit report on the financial statements of the preceding financial period ended 30 June 2006 was not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The business operations of the Trust are not affected by any material seasonal or cyclical factors.

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Notes : - continued

A4. 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.

A5. Changes in estimates of amounts reported

This is not applicable as there were no estimates previously reported.

A6. 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.

A7. Income Distribution

A second interim income distribution of 1.184 sen per unit amounting to RM12,313,600 in respect of the two months financial period from 1 January 2007 to 28 February 2007 was paid during the current financial quarter.

The Trust has distributed an aggregate of 4.549 sen per unit , totalling RM47,309,600 in respect of the eight months financial period from 1 July 2006 to 28 February 2007.

A8. Segment Reporting

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

A9. Valuation of Property, Plant and Equipment

The valuations of existing investment properties have been brought forward without any amendments from the previous annual audited financial statements.

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Notes : - continued

A10. Material Events Subsequent to the end of the interim period

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

A11. Changes in the Composition of the Trust

The unitholders' capital increased to 1,178,888,889 units from 1,040,000,000 units following the completion of the acquisition of The Residences Properties at The Ritz-Carlton, Kuala Lumpur as disclosed in note B8.

A12. 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 RM26.022 million and RM19.296 million of revenue and income before taxation respectively for the financial quarter ended 30 June 2007, representing an increase of 10.62% and 13.20% recorded in previous corresponding quarter ended 30 June 2006. The rental received from the newly acquired property, namely The Residences Properties, details as set out in Note B8 and higher rental rates received from the renewal of existing tenancies and commencement of new tenancies of the Trust's existing investment properties, namely the Starhill Gallery and Lot 10 contributed to the increase in revenue and income before taxation.

For the financial year ended 30 June 2007, the Trust recorded RM98.835 million and RM72.690 million of revenue and income before taxation respectively. As the Trust was established on 18 November 2005 and commenced business on 16 December 2005, no comparison on performance with the preceding financial period ended 30 June 2006 was made.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2007 RM'000	Preceding Quarter 31.03.2007 RM'000
Revenue	26,022	24,873
Income before taxation	19,296	18,398
Income after taxation before provision for income distribution	19,296	18,398

The Trust's revenue and income before taxation for the current financial quarter ended 30 June 2007 increased to RM26.022 million and RM19.296 million from RM24.873 million and RM18.398 million recorded in the preceding financial quarter ended 31 March 2007. This represents an increase of 4.62% and 4.88% in revenue and income before taxation respectively. The increase was mainly contributed by rental received from the newly acquired namely The Residences Properties.

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 financial year ending 2008.

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Notes : continued

B4. Profit Forecast

The Trust issued a set of forecast for the financial year ending 30 June 2007 in its circular to unitholders dated 5 April 2007 prepared in relation to the acquisition of the The Residences Properties, details as disclosed in Note B8.

Set out below is the comparison of the forecast and the actual results of Income after Taxation of the Trust for the financial year ended 30 June 2007 of which the variance is insignificant. Hence, no explanatory note is provided for such variance.

	Actual RM'000	Forecast RM '000
Income after taxation	72,690	72,684

B5. Taxation

The Trust has 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 current financial quarter and year to date.

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

There was no corporate proposal announced and pending completion during the current financial quarter except that the Trust had on 16 May 2007 completed the acquisition of sixty (60) units of serviced apartment units located from the fifth (5th) floor to the nineteenth (19th) floor of the block of serviced apartments, four (4) levels of commercial podium located from the ground floor to third (3rd) floor together with one (1) level of facilities deck on the fourth (4th) floor and basement car park levels 2 and 3 of a three (3) storey basement car park, all within the building which is known as The Residences at The Ritz-Carlton, Kuala Lumpur ("The Residences Properties") ,for a purchase consideration of RM125 million, satisfied by the issuance of 138,888,889 new units at an issue price of RM0.90 per unit. The new units of 138,888,889 were listed on the Bursa Securities on the same date.

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Notes : continued

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.

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 a final income distribution of 2.1529 sen per unit (tax exempt at Trust level under Section 61A, Income Tax Act, 1967), totaling RM25,380,300, representing approximately 100% of the distribution payout for the four-month financial period from 1 March 2007 to 30 June 2007.

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 Period
	30.06.2007	30.06.2006
Income after taxation for the quarter (RM'000)	19,296	17,046
Weighted average number of Units in issue ('000):-		
Issued at the beginning of the period ('000)	1,040,000	1,040,000
Issued during the quarter('000)	70,208	-
	----- 1,110,208	----- 1,040,000
Earnings per unit (sen)	1.74	1.64

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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	Pre ceding Year Corresponding Period
	30.06.2007	30.06.2006
Provision for income distribution (RM'000)	19,296	17,046
Number of units in issue ('000)	1,178,889	1,040,000
Distribution per unit (sen)	1.64	1.64

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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: 12 July 2007