

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on result for the financial period ended 30 September 2006.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2005 RM'000	CURRENT YEAR TO DATE 30.09.2006 RM'000	PRECEDING YEAR TO DATE 30.09.2005 RM'000
NET REVENUE	24,139	N/A	24,139	N/A
PROPERTY OPERATING EXPENSES	(4,218)	N/A	(4,218)	N/A
NET PROPERTY INCOME	19,921	N/A	19,921	N/A
OTHER INCOME	821	N/A	821	N/A
TRUST EXPENSES	(815)	N/A	(815)	N/A
ADMINISTRATIVE EXPENSES	(18)	N/A	(18)	N/A
BORROWING COSTS	(2,180)	N/A	(2,180)	N/A
INCOME BEFORE TAXATION	17,729	N/A	17,729	N/A
TAXATION	-	N/A	-	N/A
INCOME AFTER TAXATION	17,729	N/A	17,729	N/A
PROVISION FOR INCOME DISTRIBUTION	(17,729)	N/A	(17,729)	N/A
NET INCOME RETAINED	-	N/A	-	N/A
EARNINGS PER UNIT (Sen)	1.70	N/A	1.70	N/A
GROSS DISTRIBUTION PER UNIT (Sen)	1.70	N/A	1.70	N/A

The Condensed Income Statement should be read in conjunction with the Annual Financial Report for the period ended 30th June 2006. The comparative financial information for corresponding period is not available as the Trust was established on 18 November 2005.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED BALANCE SHEET

	AS AT 30.09.2006 RM'000	AS AT 30.06.2006 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,150,000	1,150,000
Current Assets		
Trade receivables	2,610	1,738
Other receivables	1,314	238
Fixed deposits	78,396	97,917
Cash and bank balance	185	74
	-----	-----
	82,505	99,967
	-----	-----
TOTAL ASSETS	1,232,505	1,249,967
	=====	=====
UNITHOLDERS' FUNDS		
Unitholders' capital	1,022,755	1,022,755
Undistributed income	1	1
	-----	-----
Net Asset Value	1,022,756	1,022,756
	-----	-----
LIABILITIES		
Non-current liabilities		
Bank borrowing	180,000	180,000
Current Liabilities		
Other payables	12,020	11,306
Provision for income distribution	17,729	35,905
	-----	-----
	29,749	47,211
	-----	-----
TOTAL LIABILITIES	209,749	227,211
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	1,232,505	1,249,967
	=====	=====
Number of units in circulations ('000)	1,040,000	1,040,000
	=====	=====
Net asset value per unit (RM)	0.983	0.983
	=====	=====

The Condensed Balance Sheet should be read in conjunction with the Annual Financial Report for the period ended 30th June 2006

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	30.09.2006	30.09.2005
	RM'000	RM'000
Net cash generated from operating activities	17,852	N/A
Net cash generated from investing activities	821	N/A
Net cash used in financing activities	(38,083)	N/A
Net increase in cash and cash equivalent	(19,410)	N/A
Cash and cash equivalents at beginning of year	97,991	N/A
Cash and cash equivalent at end of the period (note a)	78,581	N/A

Note (a)

Cash and cash equivalent

	30.09.2006	30.09.2005
	RM'000	RM'000
Fixed Deposit	78,396	N/A
Cash and bank balances	185	N/A
	78,581	N/A

The Condensed Cash Flow Statement should be read in conjunction with the Annual Financial Report for the period ended 30th June 2006. The comparative financial information for corresponding period is not available as the Trust was established on 18 November 2005.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDESED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	Unitholders' Capital RM'000	Distributable Undistributed Income RM'000	Unitholders' Funds RM'000
Net assets as at 30 June 2006	1,022,755	1	1,022,756
Net income for the period	-	17,729	17,729
Provision for income distribution	-	(17,729)	(17,729)
As at 30 September 2006	<u>1,022,755</u>	<u>1</u>	<u>1,022,756</u>

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The Condensed Statement of Changes in Net Asset Value should be read in conjunction with the Annual Financial Report for the period ended 30th June 2006. The comparative financial information for corresponding period is not available as the Trust was established on 18 November 2005.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

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

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Trust for the 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, 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 year ended 30 June 2006

The Auditors’ Report on the financial statements of the preceding financial year was not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

The business operations of the Trust are not materially affected by any seasonal or cyclical factor.

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.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A5. Changes in estimates of amounts reported

This is not applicable as there was no estimate of amount 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 first and final income distribution of 3.4524 sen per unit amounting to RM35,904,954 in respect of the financial period ended 30 June 2006 was paid during the current financial quarter.

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 property, plant and equipment have been brought forward without any amendments from the previous annual audited financial statements.

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

There were no other material events subsequent to the end of the current financial quarter.

A11. Changes in the Composition of the Trust

There is no change in composition of the Trust during the current financial quarter.

A12. Changes in Contingent Liabilities

There is no contingent liability to be disclosed.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement per Bursa Malaysia listing requirements Part A of Appendix 9B

B1. Review of Performance

The Trust recorded RM24.139 million and RM17.729 million of revenue and income before taxation respectively for the financial quarter ended 30 September 2006. There is no comparative financial information for corresponding financial quarter ended 30 September 2005 as the Trust was established on 18 November 2005.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2006 RM'000	Preceding Quarter 30.06.2006 RM'000
Revenue	24,139	23,523
Income before taxation	17,729	17,046
Income after taxation before provision for income distribution	17,729	17,046

The Trust's revenue and income before taxation for the current financial quarter ended 30 September 2006 increased to RM24.139 million and RM17.729 million from RM23.523 million and RM17.046 million recorded in the preceding financial quarter ended 30 June 2006. This represents an increase of 2.60% and 4.01% in revenue and income before taxation respectively.

B3. Prospects

The Trust, after considering the strength of the real estate portfolio invested, is expected to achieve satisfactory performance for financial year ending 2007.

B4. Profit Forecast

The Trust did not issue any profit forecast or profit guarantee during the current financial quarter.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B5. Taxation

The Trust has provided approximately 100% of the distributable income to unitholders, which is equal to the total income of the Trust, thus the income is exempted from tax at the Trust level and no tax payable during the financial period.

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 during the current financial quarter.

B9. Borrowings and Debt Securities

The borrowing of RM180 million is long term and secured.

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial quarter.

B11. Material litigation

There was no material litigation as at the end of current financial quarter.

B12. Income Distribution

No distribution has been declared for the current financial quarter. Provision is made to distribute 100% of the distributable income during the quarter in accordance with the Trust Deed dated 18 November 2005.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

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 total number of units in issue during the financial quarter.

	Current Quarter 30.09.2006	Preceding Year Corresponding Quarter 30.09.2005
Provision for income distribution (RM'000)	17,729	N/A
Number of units in issue ('000)	1,040,000	N/A
Distribution per unit (sen)	1.70	N/A

The comparative financial information for corresponding period is not available as the Trust was established on 18 November 2005.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

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 30.09.2006	Preceding Year Corresponding Quarter 30.09.2005
Provision for income distribution (RM'000)	17,729	N/A
Number of units in issue ('000)	1,040,000	N/A
Distribution per unit (sen)	1.70	N/A

The comparative financial information for corresponding period is not available as the Trust was established on 18 November 2005.

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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: 23 November 2006