

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 30 September 2007.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT	PRECEDING
	QUARTER	YEAR	YEAR TO	YEAR TO
	30.09.2007	CORRESPONDING	DATE	DATE
	RM'000	QUARTER	30.09.2007	30.09.2006
		30.09.2006	RM'000	RM'000
		RM'000		
NET REVENUE	26,892	24,139	26,892	24,139
PROPERTY OPERATING EXPENSES	(4,345)	(4,218)	(4,345)	(4,218)
	-----	-----	-----	-----
NET PROPERTY INCOME	22,547	19,921	22,547	19,921
OTHER INCOME	748	821	748	821
TRUST EXPENSES	(907)	(815)	(907)	(815)
ADMINISTRATIVE EXPENSES	(70)	(18)	(70)	(18)
BORROWING COSTS	(2,180)	(2,180)	(2,180)	(2,180)
	-----	-----	-----	-----
INCOME BEFORE TAXATION	20,138	17,729	20,138	17,729
TAXATION	-	-	-	-
	-----	-----	-----	-----
INCOME AFTER TAXATION	20,138	17,729	20,138	17,729
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	1.71	1.70	1.71	1.70
	=====	=====	=====	=====
GROSS DISTRIBUTION PER UNIT (Sen)	1.71	1.70	1.71	1.70
	=====	=====	=====	=====

The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED BALANCE SHEET

	AS AT 30.09.2007 RM'000	AS AT 30.06.2007 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,275,000	1,275,000
Current Assets		
Trade receivables	3,425	2,384
Other receivables	1,395	174
Fixed deposits	79,692	84,842
Bank balances	258	942
	-----	-----
	84,770	88,342
	-----	-----
TOTAL ASSETS	1,359,770	1,363,342
	=====	=====
UNITHOLDERS' FUNDS		
Unitholders' capital	1,145,895	1,145,901
Undistributed income	1	1
	-----	-----
Net Asset Value	1,145,896	1,145,902
	-----	-----
LIABILITIES		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	7,173	6,294
	-----	-----
	187,173	186,294
	-----	-----
Current Liabilities		
Other payables	6,563	5,766
Provision for income distribution	20,138	25,380
	-----	-----
	26,701	31,146
	-----	-----
TOTAL LIABILITIES	213,874	217,440
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	1,359,770	1,363,342
	=====	=====

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CONDENSED BALANCE SHEET – continued

	AS AT 30.09.2007 RM'000	AS AT 30.06.2007 RM'000
Number of units in circulations ('000)	<u>1,178,889</u>	<u>1,178,889</u>
Net asset value per unit (RM)	<u>0.972</u>	<u>0.972</u>

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The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 30 June 2007 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 30 SEPTEMBER 2007**

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
3 months ended 30 September 2007	RM'000	RM'000	RM'000
Net assets as at 30 June 2007	1,145,901	1	1,145,902
Acquisition expenses	(6)	-	(6)
Net income for the period	-	20,138	20,138
Provision for income distribution	-	(20,138)	(20,138)
As at 30 September 2007	----- 1,145,895 =====	----- 1 =====	----- 1,145,896 =====

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
3 months ended 30 September 2006	RM'000	RM'000	RM'000
Net assets as at 30 June 2006	1,022,756	1	1,022,757
Net income for the period	-	17,729	17,729
Provision for income distribution	-	(17,729)	(17,729)
As at 30 September 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 year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007**

	3 months ended	
	30.09.2007	30.09.2006
	RM'000	RM'000
Net cash generated from operating activities	20,982	17,852
	=====	=====
Net cash generated from investing activities	741	821
	=====	=====
Net cash used in financing activities	(27,557)	(38,083)
	=====	=====
Net decrease in cash and cash equivalent	(5,834)	(19,410)
Cash and cash equivalents at beginning of period	85,784	97,991
	-----	-----
Cash and cash equivalent at end of the period (note a)	79,950	78,581
	=====	=====

Note (a)

Cash and cash equivalent

	As At	As At
	30.09.2007	30.09.2006
	RM'000	RM'000
Fixed Deposit	79,692	78,396
Bank balances	258	185
	-----	-----
	79,950	78,581
	=====	=====

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2007 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 2007. 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 2007.

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”).

The significant accounting policies adopted are consistent with those adopted in the audited financial report for the year ended 30 June 2007, except for the adoption of the relevant new/revised Financial Reporting Standards (FRS) effective for the financial year beginning 1 July 2007 as disclosed below:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above new / revised FRSs does not have significant 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.

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Notes : - continued

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

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, in respect of the financial year ended 30 June 2007 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.

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 RM26.892 million and RM20.138 million of revenue and income before taxation respectively for the financial quarter ended 30 September 2007, representing an increase of 11.40% and 13.59% recorded in previous corresponding quarter ended 30 September 2006. The increase in revenue and income before taxation were mainly contributed by rental received from The Residences at The Ritz-Carlton, Kuala Lumpur acquired in May 2007 and higher rental rates received from the renewal of existing tenancies and commencement of new tenancies from Starhill Gallery and Lot 10.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2007 RM'000	Preceding Quarter 30.06.2007 RM'000
Revenue	26,892	26,022
Income before taxation	20,138	19,296
Income after taxation before provision for income distribution	20,138	19,296

The Trust's revenue and income before taxation for the current financial quarter ended 30 September 2007 increased marginally to RM26.892 million and RM20.138 million from RM26.022 million and RM19.296 million recorded in the preceding financial quarter ended 30 June 2007. This represents an increase of 3.34% and 4.36% in revenue and income before taxation respectively. The increase was mainly contributed by rental received from The Residences at The Ritz-Carlton, Kuala Lumpur.

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.

B4. Profit Forecast

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

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Notes : continued

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.

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

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.

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Notes : continued

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.

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
	30.09.2007	30.09.2006
Income after taxation for the quarter (RM'000)	20,138 =====	17,729 =====
Weighted average number of Units in issue ('000)	1,178,889 =====	1,040,000 =====
Earnings per unit (sen)	1.71 =====	1.70 =====

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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
	30.09.2007	30.09.2006
Provision for income distribution (RM'000)	20,138	17,729
Number of units in issue ('000)	1,178,889	1,040,000
Distribution per unit (sen)	1.71	1.70

B15. Audit Report of preceding financial year ended 30 June 2007

The audit report on the financial statements of the preceding financial year ended 30 June 2007 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: 22 November 2007