

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on result for the financial period ended 31 March 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
	31.03.2007	CORRESPONDING	DATE	DATE
	RM'000	QUARTER	31.03.2007	31.03.2006
		31.03.2006	RM'000	RM'000
		RM'000		
NET REVENUE	24,873	23,267	72,813	27,216
PROPERTY OPERATING EXPENSES	(4,277)	(4,232)	(12,826)	(4,960)
NET PROPERTY INCOME	20,596	19,035	59,987	22,256
OTHER INCOME	813	520	2,437	735
TRUST EXPENSES	(820)	(855)	(2,439)	(1,622)
ADMINISTRATIVE EXPENSES	(56)	(1)	(97)	(1)
BORROWING COSTS	(2,135)	(2,130)	(6,494)	(2,509)
INCOME BEFORE TAXATION	18,398	16,569	53,394	18,859
TAXATION	-	-	-	-
INCOME AFTER TAXATION	18,398	16,569	53,394	18,859
EARNINGS PER UNIT (Sen)	1.77	1.59	5.13	1.81
GROSS DISTRIBUTION PER UNIT (Sen)	1.77	1.59	5.13	1.81

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 31 March 2006.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED BALANCE SHEET**

	AS AT 31.03.2007 RM'000	AS AT 30.06.2006 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,150,000	1,150,000
Current Assets		
Trade receivables	2,543	1,738
Other receivables	1,538	238
Fixed deposits	79,296	97,917
Cash and bank balance	112	74
	-----	-----
	83,489	99,967
	-----	-----
TOTAL ASSETS	<u>1,233,489</u>	<u>1,249,967</u>
UNITHOLDERS' FUNDS		
Unitholders' capital	1,022,851	1,022,755
Undistributed income	1	1
	-----	-----
Net Asset Value	1,022,852	1,022,756
	-----	-----
LIABILITIES		
Non-current liabilities		
Bank borrowing	180,000	180,000
Current Liabilities		
Other payables	12,239	11,306
Provision for income distribution	18,398	35,905
	-----	-----
	30,637	47,211
	-----	-----
TOTAL LIABILITIES	<u>210,637</u>	<u>227,211</u>
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>1,233,489</u>	<u>1,249,967</u>
	-----	-----
Number of units in circulations ('000)	<u>1,040,000</u>	<u>1,040,000</u>
	-----	-----
Net asset value per unit (RM)	<u>0.984</u>	<u>0.983</u>
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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 NINTH-MONTH FINANCIAL PERIOD ENDED 31 MARCH 2007**

	31.03.2007	18.11.2005
	RM'000	to
		31.03.2006
		RM'000
Net cash generated from operating activities	56,272	25,580
	=====	=====
Net cash generated from/ (used in) investing activities	2,532	(1,149,265)
	=====	=====
Net cash (used in) / generated from financing activities	(77,387)	1,202,732
	=====	=====
Net (decrease) / increase in cash and cash equivalent	(18,583)	79,047
Cash and cash equivalents at beginning of period	97,991	-
	-----	-----
Cash and cash equivalent at end of the period (note a)	79,408	79,047
	=====	=====

Note (a)

Cash and cash equivalent

	As At	As At
	31.03.2007	31.03.2006
	RM'000	RM'000
Fixed Deposit	79,296	78,919
Cash and bank balances	112	128
	-----	-----
	79,408	79,047
	=====	=====

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 PERIOD ENDED 31 MARCH 2007**

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
9 months ended 31 March 2007	RM'000	RM'000	RM'000
Net assets as at 30 June 2006	1,022,755	1	1,022,756
Overprovision of listing expenses	96	-	96
Net income for the period	-	53,394	53,394
Distribution paid	-	(34,996)	(34,996)
Provision for income distribution	-	(18,398)	(18,398)
As at 31 March 2007	----- 1,022,851 =====	----- 1 =====	----- 1,022,852 =====

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
18 November 2005 to 31 March 2006	RM'000	RM'000	RM'000
Net assets as at 18 November 2005	-	-	-
Proceeds from promoter unit	1	-	1
Proceeds from Initial Public Offering	1,043,595	-	1,043,595
Listing expenses	(20,864)	-	(20,864)
Net income for the period	-	18,859	18,859
Provision for income distribution	-	(18,859)	(18,859)
As at 31 March 2006	----- 1,022,732 =====	----- - =====	----- 1,022,732 =====

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 first interim income distribution of 3.365 sen per unit amounting to RM34,996,000 in respect of the six months period ended 31 December 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.

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INTERIM FINANCIAL REPORT

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 except to 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 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, which was completed with the listing of the said units on the Bursa Securities on 16 May 2007.

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 acquisition exercise as disclosed in note A10.

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 RM24.873 million and RM18.398 million of revenue and income before taxation respectively for the financial quarter ended 31 March 2007, representing an increase of 6.90% and 11.04% recorded in previous corresponding quarter ended 31 March 2006. The increase was mainly contributed by the higher rental rates received from the renewal of existing tenancies and commencement of new tenancies.

For the nine months period ended 31 March 2007, the Trust recorded RM72.813 million and RM53.394 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 31 March 2006 was made.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2007 RM'000	Preceding Quarter 31.12.2006 RM'000
Revenue	24,873	23,801
Income before taxation	18,398	17,267
Income after taxation before provision for income distribution	18,398	17,267

The Trust's revenue and income before taxation for the current financial quarter ended 31 March 2007 increased marginally to RM24.873 million and RM18.398 million from RM23.801 million and RM17.267 million recorded in the preceding financial quarter ended 31 December 2006. This represents an increase of 4.50% and 6.55% in revenue and income before taxation respectively. The increase was mainly contributed by higher rental rates received from new tenancies which commenced at the end of preceding quarter ended 31 December 2006.

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 2007.

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Notes : continued

B4. Profit Forecast

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

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 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

Save as disclosed below, there was no corporate proposal announced and pending completion during the current financial quarter:-

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 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 was completed with the listing of the said units on the Bursa Securities on 16 May 2007.

B9. Borrowings and Debt Securities

The borrowing of RM180 million is long term and secured.

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Notes : continued

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 proposed and the trustee, Mayban Trustees Berhad has approved the declaration of a second interim income distribution of 1.184 sen per unit (tax exempt at Trust level under Section 61A, Income Tax Act, 1967) representing approximately 100% of the distribution payout for the two-month financial period from 1 January 2007 to 28 February 2007. The income distribution was paid on 24 April 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 total number of units in issue during the financial quarter.

	Current Quarter 31.03.2007	Preceding Year Corresponding Period 18.11.2005 to 31.03.2006
Income after taxation (RM'000)	18,398	16,569
Number of units in issue ('000)	1,040,000	1,040,000
Earnings per unit (sen)	1.77	1.59

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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 31.03.2007	Preceding Year Corresponding Period 18.11.2005 to 31.03.2006
Provision for income distribution (RM'000)	18,398	16,569
Number of units in issue ('000)	1,040,000	1,040,000
Distribution per unit (sen)	1.77	1.59

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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: 24 May 2007