

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
31 March 2013

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

Interim financial report on consolidated results for the financial period ended 31 March 2013.

The figures have not been audited.

CONDENSED INCOME STATEMENTS FOR THE QUARTER

	GROUP		TRUST	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
	QUARTER	QUARTER	QUARTER	QUARTER
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	106,993	28,207	24,487	24,202
PROPERTY OPERATING EXPENSES	(39,679)	(2,086)	(1,333)	(1,107)
NET PROPERTY INCOME	67,314	26,121	23,154	23,095
OTHER INCOME	1,201	2,586	27,499	5,282
MANAGER'S FEES	(2,528)	(952)	(2,528)	(900)
TRUSTEE'S FEES	(354)	(150)	(354)	(131)
ADMINISTRATION EXPENSES	(33,210)	(144)	(1,096)	(24)
FINANCE COSTS	(17,443)	(2,128)	(17,443)	(2,128)
PROFIT BEFORE TAX	14,980	25,333	29,232	25,194
INCOME TAX EXPENSE	(215)	(70)	(190)	(70)
PROFIT FOR THE PERIOD	14,765	25,263	29,042	25,124
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	14,987	-	-	-
- Net income not distributed from foreign operations	(378)	(139)	-	-
- Unrealised foreign translation differences	(236)	-	96	-
INCOME AVAILABLE FOR DISTRIBUTION	29,138	25,124	29,138	25,124
GROSS DISTRIBUTION PER UNIT (Sen)	2.2001	1.8970	2.2001	1.8970

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER

	GROUP		TRUST	
	PRECEDING		PRECEDING	
	CURRENT	YEAR	CURRENT	YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
QUARTER	QUARTER	QUARTER	QUARTER	
31.03.2013	31.03.2012	31.03.2013	31.03.2012	
RM'000	RM'000	RM'000	RM'000	
PROFIT FOR THE PERIOD	14,765	25,263	29,042	25,124
OTHER COMPREHENSIVE INCOME / (EXPENSE) :				
CURRENCY TRANSLATION DIFFERENCES	(1,799)	(22,033)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,966	3,230	29,042	25,124
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	29,138	25,124	29,138	25,124
UNREALISED	(14,373)	139	(96)	-
	14,765	25,263	29,042	25,124
EARNINGS PER UNIT (Sen)	1.11	1.91	2.19	1.90

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED INCOME STATEMENTS FOR THE PERIOD

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	192,225	52,887	73,013	48,467
PROPERTY OPERATING EXPENSES	(57,327)	(3,491)	(3,744)	(2,415)
NET PROPERTY INCOME	134,898	49,396	69,269	46,052
OTHER INCOME	3,087	39,241	43,736	42,285
MANAGER'S FEES	(5,166)	(2,244)	(5,166)	(2,177)
TRUSTEE'S FEES	(741)	(397)	(741)	(377)
ADMINISTRATION EXPENSES	(48,711)	(379)	(23,883)	(260)
FINANCE COSTS	(28,301)	(6,442)	(28,301)	(6,442)
PROFIT BEFORE TAX	55,066	79,175	54,914	79,081
INCOME TAX EXPENSE	(729)	(836)	(646)	(836)
PROFIT FOR THE PERIOD	54,337	78,339	54,268	78,245
DISTRIBUTION ADJUSTMENTS:				
- Depreciation	20,309	-	-	-
- Net income not distributed from foreign operations	2,251	(94)	-	-
- Unrealised foreign translation differences	(249)	-	22,380	-
INCOME AVAILABLE FOR DISTRIBUTION	76,648	78,245	76,648	78,245
GROSS DISTRIBUTION PER UNIT (Sen)	5.7874	5.9080	5.7874	5.9080

The Condensed Income Statements should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD**

	GROUP		TRUST	
	9 MONTHS ENDED		9 MONTHS ENDED	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	54,337	78,339	54,268	78,245
OTHER COMPREHENSIVE EXPENSE :				
CURRENCY TRANSLATION DIFFERENCES	(30,769)	(8,038)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	23,568	70,301	54,268	78,245
	=====	=====	=====	=====
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	76,648	78,245	76,648	78,245
UNREALISED	(22,311)	94	(22,380)	-
	-----	-----	-----	-----
	54,337	78,339	54,268	78,245
	=====	=====	=====	=====
EARNINGS PER UNIT (Sen)	4.10	6.26	4.10	5.91
	=====	=====	=====	=====

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED STATEMENTS OF FINANCIAL POSITION

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 30.06.2012 RM'000	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 30.06.2012 RM'000
ASSETS				
Non-current Assets				
Investment properties	1,552,707	1,598,525	1,342,627	1,342,627
Property, plant and equipment	1,407,501	-	-	-
Investment in subsidiaries	-	-	331,101	61,960
Amount due from subsidiaries	-	-	1,299,178	194,339
	-----	-----	-----	-----
	2,960,208	1,598,525	2,972,906	1,598,926
	-----	-----	-----	-----
Current Assets				
Inventories	2,912	-	-	-
Trade receivables	978	850	793	850
Other receivables	25,992	77,762	8,654	65,505
Amount due from subsidiaries	-	-	49,465	3,634
Deposits with licensed financial institution	84,626	91,344	84,626	91,344
Bank balances	49,682	663	630	113
	-----	-----	-----	-----
	164,190	170,619	144,168	161,446
	-----	-----	-----	-----
TOTAL ASSETS	3,124,398	1,769,144	3,117,074	1,760,372
	=====	=====	=====	=====
UNITHOLDERS' FUNDS				
Unitholders' capital	1,291,395	1,291,395	1,291,395	1,291,395
Undistributed income	193,485	215,796	200,250	222,630
Currency translation reserve	(22,424)	8,345	-	-
	-----	-----	-----	-----
Net Asset Value	1,462,456	1,515,536	1,491,645	1,514,025
	-----	-----	-----	-----
LIABILITIES				
Non-current Liabilities				
Borrowings	1,581,800	180,000	1,581,800	180,000
Current Liabilities				
Trade payables	21	-	-	-
Other payables	50,983	25,603	14,491	18,342
Provision for income distribution	29,138	48,005	29,138	48,005
	-----	-----	-----	-----
	80,142	73,608	43,629	66,347
	-----	-----	-----	-----
TOTAL LIABILITIES	1,661,942	253,608	1,625,429	246,347
	-----	-----	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	3,124,398	1,769,144	3,117,074	1,760,372
	=====	=====	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED STATEMENTS OF FINANCIAL POSITION – continued**

	GROUP		TRUST	
	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 30.06.2012 RM'000	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 30.06.2012 RM'000
Net asset value (RM'000)	1,462,456 =====	1,515,536 =====	1,491,645 =====	1,514,025 =====
Number of units in circulations ('000)	1,324,389 =====	1,324,389 =====	1,324,389 =====	1,324,389 =====
Net asset value per unit (RM)				
- before income distribution	1.1621	1.2207	1.1842	1.2195
- after income distribution	1.1042 =====	1.1443 =====	1.1263 =====	1.1432 =====

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The Condensed Statements of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

GROUP	Unitholders' Capital RM'000	Distributable	<--Non distributable-->		Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserve RM'000	
At 1 July 2012	1,291,395	172,211	43,585	8,345	1,515,536
Operations for the period					
Profit / (Loss) for the period	-	76,648	(22,311)	-	54,337
Other comprehensive expense					
Currency translation differences	-	-	-	(30,769)	(30,769)
Increase / (Decrease) in net assets resulting from operations	-	76,648	(22,311)	(30,769)	23,568
Unitholders' transactions					
Distribution paid	-	(47,510)	-	-	(47,510)
Provision for income distribution	-	(29,138)	-	-	(29,138)
Decrease in net assets resulting from Unitholders' transaction	-	(76,648)	-	-	(76,648)
At 31 March 2013	1,291,395	172,211	21,274	(22,424)	1,462,456

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 - continued**

TRUST	Unitholders' Capital RM'000	Distributable	<--Non distributable-->	Currency Translation Reserve RM'000	Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000		
At 1 July 2012	1,291,395	172,174	50,456	-	1,514,025
Operations for the period					
Profit / (Loss) for the period	-	76,648	(22,380)	-	54,268
Other comprehensive income	-	-	-	-	-
Increase / (Decrease) in net assets resulting from operations	-	76,648	(22,380)	-	54,268
Unitholders' transactions					
Distribution paid	-	(47,510)	-	-	(47,510)
Provision for income distribution	-	(29,138)	-	-	(29,138)
Decrease in net assets resulting from Unitholders' transaction	-	(76,648)	-	-	(76,648)
At 31 March 2013	1,291,395	172,174	28,076	-	1,491,645

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

GROUP	Unitholders' Capital RM'000	Distributable	<--Non distributable-->		Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserve RM'000	
At 1 July 2011	1,145,895	172,172	38,592	-	1,356,659
Operations for the period					
Profit for the period	-	78,245	94	-	78,339
Other comprehensive expense					
Currency translation differences	-	-	-	(8,038)	(8,038)
Increase / (Decrease) in net assets resulting from operations	-	78,245	94	(8,038)	70,301
Unitholders' transactions					
Issuance of new units	145,500	-	-	-	145,500
Distribution paid	-	(53,124)	-	-	(53,124)
Provision for income distribution	-	(25,121)	-	-	(25,121)
Increase / (Decrease) in net assets resulting from Unitholders' transactions	145,500	(78,245)	-	-	67,255
At 31 March 2012	1,291,395	172,172	38,686	(8,038)	1,494,215

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED STATEMENTS OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 - continued**

TRUST	Unitholders' Capital RM'000	Distributable	<--Non distributable-->		Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000	Currency Translation Reserve RM'000	
At 1 July 2011	1,145,895	172,172	38,592	-	1,356,659
Operations for the period					
Profit for the period	-	78,245	-	-	78,245
Other comprehensive income	-	-	-	-	-
Increase in net assets resulting from operations	-	78,245	-	-	78,245
Unitholders' transactions					
Issuance of new units	145,500	-	-	-	145,500
Distribution paid	-	(53,124)	-	-	(53,124)
Provision for income distribution	-	(25,121)	-	-	(25,121)
Increase / (Decrease) in net assets resulting from Unitholders' transactions	145,500	(78,245)	-	-	67,255
At 31 March 2012	1,291,395	172,172	38,592	-	1,502,159

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The Condensed Statements of Changes in Net Asset Value should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	FOR THE 9 MONTHS ENDED	
	31.03.2013	31.03.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	55,066	79,175
Adjustments for :-		
Depreciation of property, plant and equipment	20,309	-
Interest income	(1,525)	(9,671)
Gain on disposal of financial assets	-	(19,564)
Interest expense	28,301	6,442
Unrealised loss on foreign currency exchange	274	-
	-----	-----
Operating profit before changes in working capital	102,425	56,382
Net changes in current assets	46,535	4,583
Net changes in current liabilities	26,525	15,864
	-----	-----
Cash generated from operation	175,485	76,829
Tax paid	(729)	(836)
	-----	-----
Net cash from operating activities	174,756	75,993
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,525	9,671
Proceeds from disposal of financial assets	-	42,675
Acquisition of property, plant and equipment	(1,427,633)	-
Acquisition of investment properties	-	(555,115)
	-----	-----
Net cash used in investing activities	(1,426,108)	(502,769)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,401,800	-
Interest paid	(28,301)	(6,442)
Distribution paid	(95,515)	(90,837)
	-----	-----
Net cash from/(used in) financing activities	1,277,984	(97,279)
	-----	-----
Net increase/(decrease) in cash and cash equivalent	26,632	(524,055)
Effect on exchange rate changes	15,669	(8,038)
Cash and cash equivalent at beginning of financial period	92,007	677,119
	-----	-----
Cash and cash equivalent at end of financial period (note a)	134,308	145,026
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 - continued**

Note (a)

Cash and cash equivalent

	As At 31.03.2013 RM'000	As At 31.03.2012 RM'000
Deposits with licensed financial institution	84,626	130,227
Bank balances	49,682	14,799
	-----	-----
	134,308	145,026
	=====	=====

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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to MFRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2012.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting”, IAS 34: “Interim Financial Reporting” and Chapter 9, Part M3 paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group and of the Trust since the financial year ended 30 June 2012.

The accounting policies and methods of computation adopted by the Group and the Trust in the interim financial report are consistent with those adopted in the latest audited annual financial statements.

Subsequent to the last financial year end, the Group and the Trust have adopted the MFRS Framework issued by the MASB and the adoption was carried out in accordance to MFRS 1 “First-time adoption of Malaysian Financial Reporting Standards”, using 1 July 2011 as the Transition Date.

The adoption of MFRS, amendments to MFRSs and Interpretation Committee Interpretations do not have significant financial impacts on the interim financial report of the Group and of the Trust upon their initial application.

A2. Seasonality or Cyclicity of Operations

Save for the Australian Properties, the business operations of the Group and of the Trust are not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

During the current financial quarter, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group and 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 B15.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Income Distribution

An interim distribution of 3.5873 sen per unit (which is tax exempt at the Trust level under Section 61A, Income Tax Act, 1967), totalling RM47,509,803, in respect of the six month period ended 31 December 2012 was paid during the financial quarter.

A7. Segment Information

The Group's segmental result for the financial period ended 31 March 2013 is as follows:-

	Malaysia RM'000	Japan RM'000	Australia RM'000	Total RM'000
External revenue	73,013	11,515	107,697	192,225
Property expenses	(3,744)	(1,770)	(51,813)	(57,327)
Net property income	69,269	9,745	55,884	134,898
Other income	1,525	1	1,561	3,087
Total income	70,794	9,746	57,445	137,985
Trust and administration expenses	(7,161)	(597)	(46,860)	(54,618)
Finance costs	(28,301)	-	-	(28,301)
Profit before tax	35,332	9,149	10,585	55,066
Total assets	1,437,331	212,768	1,474,299	3,124,398

The Group's segmental result for the financial period ended 31 March 2012 is as follows:-

	Malaysia RM'000	Japan RM'000	Total RM'000
External revenue	48,467	4,420	52,887
Property expenses	(2,415)	(1,076)	(3,491)
Net property income	46,052	3,344	49,396
Other income	39,241	-	39,241
Total income	85,293	3,344	88,637
Trust and administration expenses	(2,874)	(146)	(3,020)
Finance costs	(6,442)	-	(6,442)
Profit before tax	75,977	3,198	79,175
Total assets	1,470,724	256,206	1,726,930

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

A8. Events after the interim period

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

A9. Changes in the Composition of the Group

There was no change in the composition of the Group and of the Trust for the current quarter ended 31 March 2013 and the fund size stands at 1,324,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Disclosure requirements pursuant to Part M3 paragraph 9.44 of Chapter 9 of the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

Comparison with Preceding Year Corresponding Quarter

For the current financial quarter ended 31 March 2013, the Group recorded a revenue and net property income of RM106.993 million and RM67.314 million, respectively, representing an increase of 279.31% and 157.70%, respectively as compared to RM28.207 million and RM26.121 million, respectively recorded in the preceding year corresponding quarter ended 31 March 2012.

The increase in revenue and net property income for the current financial quarter was mainly due to the recognition of revenue generated by Sydney Harbour Marriott Hotel, Brisbane Marriott Hotel and Melbourne Marriott Hotel (collectively known as “Australian Properties”), which were acquired on 29 November 2012.

For the current financial quarter ended 31 March 2013, the Group recorded a profit before tax of RM14.980 million, a decrease of 40.87%, as compared to RM25.333 million recorded in the preceding year corresponding quarter ended 31 March 2012. The decrease in profit before tax was due to depreciation charge related to the Australian Properties and additional borrowing costs incurred to finance the acquisition of the Australian Properties.

However, the income available for distribution increased from RM25.124 million recorded in preceding year corresponding quarter to RM29.138 million recorded in current financial quarter, representing an increase of 15.98%, after adjustment of non-cash transaction for depreciation charges of the Australian Properties, net income not distributed by foreign entities and foreign currency translation.

Comparison with Preceding Year Corresponding Period

For the current financial period ended 31 March 2013, the Group recorded a revenue and net property income of RM192.225 million and RM134.898 million, respectively, representing an increase of 263.46% and 173.09%, respectively as compared to RM52.887 million and RM49.396 million, respectively recorded in the preceding year corresponding period ended 31 March 2012.

The increase in revenue and net property income for the current financial period was mainly due to the recognition of revenue generated by the Australian Properties. The improvement in revenue and net property income for the current financial period ended 31 March 2013 is also contributed by the recognition of the lease rental income from the lease of hospitality related properties in Malaysia and Japan for a full period to date since the acquisitions on 15 November 2011 and 22 December 2011.

For the current financial period ended 31 March 2013, the Group recorded a profit before tax of RM55.066 million, a decrease of 30.45%, as compared to RM79.175 million recorded in the preceding year corresponding period ended 31 March 2012.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

B1. Review of Performance - continued

For the current financial period ended 31 March 2013, there is the absence of a one off gain on disposal of Convertible Preferred Units (“CPU”) issued by Starhill Global Real Estate Investment Trust and CPU interest income of RM26.071 million (“Non-Recurring Income”) recognised in the preceding year corresponding period. The profit before tax for the current financial period of RM55.066 million as compared to the adjusted profit before tax for the preceding year corresponding period of RM53.104 million (after adjustment for the Non-Recurring Income) represents an increase of 3.69%.

The Group recorded an income available for distribution of RM76.648 million for the current financial period ended 31 March 2013, a marginal decrease of 2.04% as compared to RM78.245 million recorded in the preceding year corresponding period ended 31 March 2012. However, the income available for distribution of RM76.648 million recorded in the current financial period as compared to the adjusted income available for distribution for the preceding financial period of RM52.174 million (after adjustment for the Non-Recurring Income), reflects an improvement of 46.91%.

Comparison with Preceding Quarter

	Current Quarter 31.03.2013 RM'000	Preceding Quarter 31.12.2012 RM'000
Revenue	106,993	57,155
Net Property Income	67,314	41,524
Profit Before Tax	14,980	17,083
Income Available For Distribution	29,138	25,259

The Group’s revenue and net property income for the current financial quarter ended 31 March 2013 increased by 87.20% and 62.11%, respectively as compared to the preceding quarter ended 31 December 2012. The increase is attributable to the recognition of revenue and income of the Australian Properties for a full quarter since acquisition on 29 November 2012.

The Group’s profit before tax for the current financial quarter ended 31 March 2013 decreased to RM14.980 million from RM17.083 million, representing a decrease of 12.31%, as the current quarter recorded additional depreciation charge related to the Australian Properties and additional borrowing cost to finance the acquisition of the Australian Properties of a full quarter as compared to one month recorded in the preceding quarter.

The Group’s income available for distribution for the current financial quarter ended 31 March 2013 improved by 15.36%, from RM25.259 million to RM29.138 million due substantially to the income recognition and adjustment of non-cash transactions of the Australian Properties for a full quarter.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : - continued

B2. Audit Report of the preceding financial year ended 30 June 2012

The Auditor's Report on the financial statements of the financial year ended 30 June 2012 did not contain any qualification.

B3. Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Group and the Trust for the quarter under review.

B4. Portfolio Composition

As at 31 March 2013, Starhill REIT's composition of investment portfolio is as follows:

	Fair value as at 31.03.2013 RM'000	% of fair value to NAV as at 31.03.2013 %
<u>Real Estate – Commercial</u>		
(i) JW Marriott Hotel, Kuala Lumpur	349,700	24
(ii) The Residences at The Ritz-Carlton, Kuala Lumpur	223,881	15
(iii) The Ritz-Carlton, Kuala Lumpur	253,017	17
(iv) Pangkor Laut Resort	98,365	7
(v) Tanjong Jara Resort	88,050	6
(vi) Vistana Kuala Lumpur	101,207	7
(vii) Vistana Penang	101,778	7
(viii) Vistana Kuantan	75,980	5
(ix) Cameron Highlands Resort	50,649	3
(x) Hilton Niseko *	210,080	14
(xi) Sydney Harbour Marriott Hotel ^	842,825	58
(xii) Brisbane Marriott Hotel ^	385,359	26
(xiii) Melbourne Marriott Hotel ^	179,317	12
	----- 2,960,208 =====	

Note :

* Translated on 29 March 2013 at the exchange rate of JPY100 : RM3.2811

^ Translated on 29 March 2013 at the exchange rate of AUD1 : RM3.2174

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 31 March 2013 were RM1,462,456,069 and RM1.1042, respectively. The decrease in total NAV and NAV per unit was mainly due to the recognition of unrealised foreign exchange loss on Hilton Niseko, Japan and the provision for distributable income of the Trust after adjustment for non-cash transactions in the calculation of realised income available for distribution.

	Current Quarter 31.03.2013 RM	Preceding Quarter 31.12.2012 RM
NAV	1,462,456,069	1,478,627,370
NAV per unit	1.1042	1.1165

B6. Change in Market Value

On 29 March 2013, Starhill REIT’s market value closed at RM1.08 per unit, a decrease of 2.70% as compared to the closing market value of RM1.11 per unit on 31 December 2012.

B7. Prospects

The Manager, after considering the strength of the real estate portfolio invested, is optimistic that the Group is expected to achieve satisfactory performance for the financial year ending 30 June 2013.

B8. Utilisation of Proceeds Raised from Issuance of New Units

There was no issuance of new units during the financial quarter.

B9. Circumstances Affecting Interest of Unitholders

There were no unusual circumstances which materially affected any interest of the unitholders.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B10. Material Litigation

There was no material litigation pending as at the date of this report.

B11. Maintenance Costs and Major Capital Expenditure

There was no major capital expenditure incurred during the financial quarter except for the maintenance cost of approximately RM105,000 incurred on machinery and equipment for one of the hotel properties.

B12. Soft Commission

During the financial period, the Manager did not receive any soft commission (i.e. goods and services) from its broker, by virtue of transactions conducted by the Group or by the Trust.

B13. Taxation

Trust level

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.

Unitholders' level

Pursuant to the amended Section 109D(2) of the Income Tax Act, 1967 under the Finance Act 2009 which was gazetted on 8 January 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Starhill REIT's level:

Resident unitholder:

Resident company	Tax flow through; thus no withholding tax
Unitholder other than a resident company	Withholding tax at 10%

Non-resident unitholder:

Non-resident company	Withholding tax at 25%
Non-resident institutional investor	Withholding tax at 10%
Non-resident other than company and institutional investors	Withholding tax at 10%

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B14. Corporate Development

As at the date of this report, there is no corporate proposal announced and pending completion.

B15. Borrowings and Debt Securities

The Group's borrowings from financial institutions are set below:

	As at 31 March 2013 (RM'000)
Term Loan - secured	1,581,800

B16. Income Distribution

No distribution has been declared for the current financial quarter. A provision was made to distribute approximately 100% of the realised and distributable income during the current financial quarter 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.

B17. Unitholding by the Manager and Parties Related to the Manager

As at 31 March 2013, the Manager did not hold any units in Starhill REIT. The units held by the parties related to the Manager are as follows:-

	Number Of Units '000	Market Value RM'000
YTL Corporation Berhad	747,464	807,261
YTL Power International Berhad	43,090	46,537
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	870	940
Dato' Hj. Mohamed Zainal Abidin Bin Hj. Abdul Kadir	70	76

The market value of the units held by the parties related to the Manager is based on the closing market price of Starhill REIT at RM1.08 per unit as at 29 March 2013.

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B18. Statement by the Directors of the Manager

In the opinion of the Directors of the Manager, this quarterly report has been prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: “Interim Financial Reporting” and Paragraph 9.44 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of Starhill REIT as at 31 March 2013 and of its financial performance and cash flows for the financial quarter/period ended on that date.

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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 May 2013