

## STARHILL REAL ESTATE INVESTMENT TRUST

### INTERIM FINANCIAL REPORT

Interim financial report on results for the financial year ended 30 June 2008.

The figures have not been audited.

### CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT	PRECEDING
	QUARTER	CORRESPONDING	YEAR TO	YEAR TO
	30.06.2008	30.06.2007	DATE	DATE
	RM'000	RM'000	30.06.2008	30.06.2007
			RM'000	RM'000
NET REVENUE	27,272	26,022	108,228	98,835
PROPERTY OPERATING EXPENSES	(4,427)	(4,375)	(17,610)	(17,201)
NET PROPERTY INCOME	22,845	21,647	90,618	81,634
OTHER INCOME	810	701	3,218	3,138
TRUST EXPENSES	(910)	(862)	(3,634)	(3,301)
ADMINISTRATIVE EXPENSES	(163)	(33)	(260)	(130)
BORROWING COSTS	(2,157)	(2,157)	(8,674)	(8,651)
<b>INCOME BEFORE TAXATION</b>	<b>20,425</b>	<b>19,296</b>	<b>81,268</b>	<b>72,690</b>
TAXATION	-	-	-	-
<b>INCOME AFTER TAXATION</b>	<b>20,425</b>	<b>19,296</b>	<b>81,268</b>	<b>72,690</b>
<b>EARNINGS PER UNIT (Sen)</b>	<b>1.73</b>	<b>1.74</b>	<b>6.89</b>	<b>6.87</b>
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	<b>1.73</b>	<b>1.64</b>	<b>6.89</b>	<b>6.70</b>

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.

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED BALANCE SHEET**

	<b>AS AT 30.06.2008 RM'000</b>	<b>AS AT 30.06.2007 RM'000</b>
<b>ASSETS</b>		
INVESTMENT PROPERTIES	1,275,135	1,275,000
Current Assets		
Trade receivables	2,895	2,384
Other receivables	176	174
Fixed deposits	103,588	84,842
Bank balances	167	942
	-----	-----
	106,826	88,342
	-----	-----
<b>TOTAL ASSETS</b>	<b>1,381,961</b>	<b>1,363,342</b>
	=====	=====
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	1,145,895	1,145,901
Undistributed income	1	1
	-----	-----
Net Asset Value	1,145,896	1,145,902
	-----	-----
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	8,531	6,294
	-----	-----
	188,531	186,294
	-----	-----
Current Liabilities		
Other payables	6,378	5,766
Provision for income distribution	41,156	25,380
	-----	-----
	47,534	31,146
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>236,065</b>	<b>217,440</b>
	-----	-----
<b>TOTAL UNITHOLDERS' FUNDS &amp; LIABILITIES</b>	<b>1,381,961</b>	<b>1,363,342</b>
	=====	=====

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED BALANCE SHEET – continued**

	<b>AS AT 30.06.2008 RM'000</b>	<b>AS AT 30.06.2007 RM'000</b>
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)	0.972 =====	0.972 =====

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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.

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

<b>Financial year ended 30 June 2008</b>	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Income RM'000</b>	<b>Unitholders' Funds RM'000</b>
Net assets as at 1 July 2007	1,145,901	1	1,145,902
Acquisition expenses	(6)	-	(6)
Net income for the year	-	81,268	81,268
Distribution paid	-	(40,112)	(40,112)
Provision for income distribution	-	(41,156)	(41,156)
As at 30 June 2008	<u>1,145,895</u>	<u>1</u>	<u>1,145,896</u>

<b>Financial year ended 30 June 2007</b>	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Income RM'000</b>	<b>Unitholders' Funds RM'000</b>
Net assets as at 1 July 2006	1,022,756	1	1,022,757
Creations of units	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	<u>1,145,901</u>	<u>1</u>	<u>1,145,902</u>

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.

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	<b>Financial year ended</b>	
	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from operating activities	89,050	78,364
Net cash generated from investing activities	3,077	1,283
Net cash used in financing activities	(74,156)	(91,854)
Net increase /(decrease) in cash and cash equivalent	17,971	(12,207)
Cash and cash equivalents at beginning of financial year	85,784	97,991
Cash and cash equivalent at end of financial year (note a)	103,755	85,784

**Note (a)**

Cash and cash equivalent

	<b>As At</b>	<b>As At</b>
	<b>30.06.2008</b>	<b>30.06.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposit	103,588	84,842
Bank balances	167	942
	103,755	85,784

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.

## **STARHILL REAL ESTATE INVESTMENT TRUST**

### **INTERIM FINANCIAL REPORT**

#### **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.

## **STARHILL REAL ESTATE INVESTMENT TRUST**

### **INTERIM FINANCIAL REPORT**

**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**

There was no distribution paid during the current financial quarter.

An interim distribution of income (which is tax exempt at Trust level under Section 61A of the Income Tax Act, 1969) of 3.4025 sen per unit, totaling RM40,111,694 in respect of the six months financial period from 1 July 2007 to 31 December 2007, was paid on 29 February 2008.

#### **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 and the fund size stands at 1,178,888,889 units.

#### **A10. Changes in Contingent Liabilities**

There were no contingent liabilities to be disclosed.

## STARHILL REAL ESTATE INVESTMENT TRUST

### INTERIM FINANCIAL REPORT

#### Notes :

#### Disclosure requirement per Bursa Securities' Listing Requirements Part A of Appendix 9B

##### B1. Review of Performance

The Trust recorded RM27.272 million and RM20.425 million of revenue and income before taxation respectively for the current financial quarter ended 30 June 2008, representing an increase of 4.80% and 5.85% recorded in previous corresponding quarter ended 30 June 2007.

For the financial year ended 30 June 2008, the Trust recorded RM108.228 million and RM81.268 million of revenue and income before taxation respectively for the financial year ended 30 June 2008, representing an increase of 9.50% and 11.80% recorded in previous corresponding year ended 30 June 2007. The increases 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

	<b>Current Quarter 30.06.2008 RM'000</b>	<b>Preceding Quarter 31.03.2008 RM'000</b>
Revenue	27,272	27,379
Income before taxation	20,425	20,730
Income after taxation before provision for income distribution	20,425	20,730

The Trust's revenue and income before taxation for the current financial quarter ended 30 June 2008 decreased marginally to RM27.272 million and RM20.425 million from RM27.379 million and RM20.730 million recorded in the preceding financial quarter ended 31 March 2008. This represents a decrease of 0.39% and 1.47% in revenue and income before taxation respectively.

##### 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 2009.



## STARHILL REAL ESTATE INVESTMENT TRUST

### INTERIM FINANCIAL REPORT

Notes : continued

#### B4. Profit Forecast

Set out below is the comparison of the forecast reported in the circular dated 5 April 2007 and the actual results of Income after Taxation of the Trust for the financial year ended 30 June 2008.

	<b>Actual RM'000</b>	<b>Circular RM'000</b>
Income after taxation	81,268	83,082

#### B5. Taxation

The Trust has paid and 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 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 except for the following :-

On 26 May 2008, the Trust announced its proposed revaluation for the investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur and the incorporation of revaluation surplus into the Income Statement of the Trust pursuant to the Securities Commission's ("SC") Guidelines on Real Estate Investment Trusts. The revaluation is pending approval of the SC.

#### B9. Borrowings and Debt Securities

The borrowing of RM180 million is long term and secured.

## STARHILL REAL ESTATE INVESTMENT TRUST

### INTERIM FINANCIAL REPORT

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 declared a final income distribution of 3.4911 sen per unit, totaling RM41,156,190, (which is tax exempt at Trust level under Section 61A of the Income Tax Act 1967) (30 June 2007 : 2.1529 sen per unit, totaling RM25,380,300) representing approximately 100% of the income after taxation undistributed at the end of financial year ended 30 June 2008.

The Book Closure and Payment Dates in respect of the final income distribution will be fixed on 11 August 2008 and 28 August 2008 respectively.

The total distribution for the financial year ended 30 June 2008 will be an aggregate of 6.8936 sen per unit, totaling RM81,267,884 (including the interim distribution of 3.4025 sen per unit paid on 29 February 2008, totaling RM RM40,111,694).

#### 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.

	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>30.06.2008</b>	<b>30.06.2007</b>
Income after taxation for the quarter (RM'000)	20,425	19,296
Weighted average number of Units in issue ('000)		
Issued at the beginning of the period ('000)	1,178,889	1,040,000
Issued during the quarter ('000)	-	70,208
	----- 1,178,889	----- 1,110,208
Earnings per unit (sen)	1.73	1.74

**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.

	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>30.06.2008</b>	<b>30.06.2007</b>
Provision for income distribution (RM'000)	20,425	19,296
Number of units in issue ('000)	1,178,889	1,178,889
Distribution per unit (sen)	1.73	1.64

**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: 11 July 2008