

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Interim financial report on result for the financial period ended 31 December 2006.

The figures have not been audited.

CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT	PRECEDING
	QUARTER	YEAR	YEAR TO	YEAR TO
	31.12.2006	CORRESPONDING	DATE	DATE
	RM'000	QUARTER	31.12.2006	31.12.2005
		31.12.2005	RM'000	RM'000
		RM'000		
NET REVENUE	23,801	3,949	47,940	3,949
PROPERTY OPERATING EXPENSES	(4,331)	(728)	(8,549)	(728)
NET PROPERTY INCOME	19,470	3,221	39,391	3,221
OTHER INCOME	803	215	1,624	215
TRUST EXPENSES	(804)	(767)	(1,619)	(767)
ADMINISTRATIVE EXPENSES	(23)	-	(41)	-
BORROWING COSTS	(2,179)	(379)	(4,359)	(379)
INCOME BEFORE TAXATION	17,267	2,290	34,996	2,290
TAXATION	-	-	-	-
INCOME AFTER TAXATION	17,267	2,290	34,996	2,290
PROVISION FOR INCOME DISTRIBUTION	(17,267)	(2,290)	(34,996)	(2,290)
NET INCOME RETAINED	-	-	-	-

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CONDENSED INCOME STATEMENT - continued

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING	CURRENT	PRECEDING
	QUARTER	YEAR	YEAR TO	YEAR TO
	31.12.2006	CORRESPONDING	DATE	DATE
	RM'000	QUARTER	31.12.2006	31.12.2005
		31.12.2005	RM'000	RM'000
		RM'000		
EARNINGS PER UNIT (Sen)	1.66	0.22	3.37	0.22
	=====	=====	=====	=====
GROSS DISTRIBUTION PER				
UNIT (Sen)	1.66	0.22	3.37	0.22
	=====	=====	=====	=====

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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 December 2005.

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CONDENSED BALANCE SHEET

	AS AT 31.12.2006 RM'000	AS AT 30.06.2006 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,150,000	1,150,000
Current Assets		
Trade receivables	2,491	1,738
Other receivables	594	238
Fixed deposits	96,554	97,917
Cash and bank balance	134	74
	----- 99,773	----- 99,967
TOTAL ASSETS	<u>1,249,773</u>	<u>1,249,967</u>
UNITHOLDERS' FUNDS		
Unitholders' capital	1,022,851	1,022,755
Undistributed income	1	1
	----- 1,022,852	----- 1,022,756
Net Asset Value	<u>1,022,852</u>	<u>1,022,756</u>
LIABILITIES		
Non-current liabilities		
Bank borrowing	180,000	180,000
Current Liabilities		
Other payables	11,925	11,306
Provision for income distribution	34,996	35,905
	----- 46,921	----- 47,211
TOTAL LIABILITIES	<u>226,921</u>	<u>227,211</u>
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	<u>1,249,773</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>

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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**INTERIM FINANCIAL REPORT
CONDENSED CASH FLOW STATEMENTS
FOR THE SIXTH-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2006**

	31.12.2006	18.11.2005
	RM'000	to
	RM'000	31.12.2005
	RM'000	RM'000
Net cash generated from operating activities	37,238	2,900
Net cash generated from/ (used in) investing activities	1,719	(1,149,785)
Net cash (used in) / generated from financing activities	(40,260)	1,204,520
Net increase in cash and cash equivalent	(1,303)	57,635
Cash and cash equivalents at beginning of period	97,991	-
Cash and cash equivalent at end of the period (note a)	96,688	57,635

Note (a)

Cash and cash equivalent

	As At	As At
	31.12.2006	31.12.2005
	RM'000	RM'000
Fixed Deposit	96,554	56,992
Cash and bank balances	134	643
	96,688	57,635

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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INTERIM FINANCIAL REPORT

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
6 months ended 31 December 2006	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	-	34,996	34,996
Provision for income distribution	-	(34,996)	(34,996)
As at 31 December 2006	<u>1,022,851</u>	<u>1</u>	<u>1,022,852</u>

	Unitholders' Capital	Distributable Undistributed Income	Unitholders' Funds
18 November 2005 to 31 December 2005	RM'000	RM'000	RM'000
Net assets as at 18 December 2005	-	-	-
Proceeds from promoter unit	1	-	1
Proceeds from Initial Public Offering	1,043,595	-	1,043,595
Listing expenses	(19,076)	-	(19,076)
Net income for the period	-	2,290	2,290
Provision for income distribution	-	(2,290)	(2,290)
As at 31 December 2005	<u>1,024,520</u>	<u>-</u>	<u>1,024,520</u>

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 Statements should be read in conjunction with the audited financial statements of the Trust for the period ended 30 June 2006. These explanatory notes attached to the interim Financial Statements 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, 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 Auditors’ 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 materially affected by any seasonal or cyclical factors.

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.

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Notes : - continued

A5. Changes in estimates of amounts reported

This is not applicable as there was no estimates 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

There was no distribution paid during the current financial quarter ended 31 December 2006. A provision was made to distribute approximate 100% of the distributable income for the half year ended 31 December 2006 in accordance with the Prospectus dated 22 November 2005.

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 is no 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 for the current financial quarter and the fund size stands at 1,040,000,000 units.

A12. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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Notes :

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

B1. Review of Performance

The Trust recorded RM47.940 million and RM34.996 million of revenue and income before taxation respectively for the six months ended 31 December 2006. 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 December 2005 was made.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2006 RM'000	Preceding Quarter 30.09.2006 RM'000
Revenue	23,801	24,139
Income before taxation	17,267	17,729
Income after taxation before provision for income distribution	17,267	17,729

The Trust's revenue and income before taxation for the current financial quarter ended 31 December 2006 decreased marginally to RM23,801 million and RM17.267 million from RM24.139 million and RM17.729 million recorded in the preceding financial quarter ended 30 September 2006. This represents a decrease of 1.40% and 2.61% 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.

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 Income Tax Act, 1967, thus no tax is payable during the financial period.

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Notes : continued

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

The Board of Pintar Projek Sdn Bhd had on 12 December 2006 announced the proposal to acquire part of The Residences at The Ritz-Carlton, Kuala Lumpur for a purchase consideration of RM125 million to be satisfied by the issuance of 138,888,889 new units at an issue price of RM0.90 per unit ("Proposed Acquisition"). The Proposed Acquisition is pending the approval of the Securities Commission and unitholders.

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.

B12. Income Distribution

The Board of Pintar Projek Sdn Bhd has proposed to declare an interim income distribution of 3.365 sen a unit, representing approximately 100% of the distribution payout for the six-month ended 31 December 2006. The distribution is subject to the approval of the Trustee, Mayban Trustees Berhad.

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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	Preceding Year Corresponding Period
	31.12.2006	18.11.2005 to 31.12.2005
Income after taxation (RM'000)	17,267	2,290
Number of units in issue ('000)	1,040,000	1,040,000
Distribution per unit (sen)	1.66	0.22

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 Period
	31.12.2006	18.11.2005 to 31.12.2005
Provision for income distribution (RM'000)	17,267	2,290
Number of units in issue ('000)	1,040,000	1,040,000
Distribution per unit (sen)	1.66	0.22

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: 16 January 2007