

# STARHILL REAL ESTATE INVESTMENT TRUST

## INTERIM FINANCIAL REPORT

Interim financial report on results for the financial period ended 30 September 2008.

The figures have not been audited.

### CONDENSED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
NET REVENUE	27,866	26,892	27,866	26,892
PROPERTY OPERATING EXPENSES	(4,700)	(4,345)	(4,700)	(4,345)
NET PROPERTY INCOME	23,166	22,547	23,166	22,547
OTHER INCOME	889	748	889	748
FAIR VALUE ADJUSTMENT OF INVESTMENT PROPERTIES	254,360	-	254,360	-
TRUST EXPENSES	(995)	(907)	(995)	(907)
ADMINISTRATION EXPENSES	(247)	(70)	(247)	(70)
BORROWING COST	(2,180)	(2,180)	(2,180)	(2,180)
INCOME BEFORE TAXATION	274,993	20,138	274,993	20,138
TAXATION	-	-	-	-
INCOME FOR THE PERIOD	274,993	20,138	274,993	20,138

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED INCOME STATEMENT – continued**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2007 RM'000	CURRENT YEAR TO DATE 30.09.2008 RM'000	PRECEDING YEAR TO DATE 30.09.2007 RM'000
INCOME FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	20,633	20,138	20,633	20,138
UNREALISED *	254,360	-	254,360	-
	-----	-----	-----	-----
	274,993	20,138	274,993	20,138
	=====	=====	=====	=====
<b>EARNINGS PER UNIT (Sen)</b>	23.33	1.71	23.33	1.71
	=====	=====	=====	=====
<b>GROSS DISTRIBUTION PER UNIT (Sen)</b>	1.75	1.71	1.75	1.71
	=====	=====	=====	=====

\* The fair value adjustment of investment properties relates to the revaluation surplus that arose from the revaluation of the investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur, which was approved by Securities Commission on 11 July 2008. The Trust had incorporated the revaluation surplus into the Income Statement on 15 July 2008. This is an unrealised income and it is not available for income distribution.

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The Condensed Income Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2008 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 30.09.2008 RM'000</b>	<b>AS AT 30.06.2008 RM'000</b>
<b>ASSETS</b>		
INVESTMENT PROPERTIES	1,529,495	1,275,135
Current Assets		
Trade receivables	3,401	2,895
Other receivables	1,669	176
Fixed deposits	81,590	103,588
Bank balances	187	167
	-----	-----
	86,847	106,826
	-----	-----
<b>TOTAL ASSETS</b>	<u>1,616,342</u>	<u>1,381,961</u>
<b>UNITHOLDERS' FUNDS</b>		
Unitholders' capital	1,145,895	1,145,895
Undistributed income	254,361	1
	-----	-----
Net Asset Value	1,400,256	1,145,896
	-----	-----
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowing	180,000	180,000
Other payables	10,235	8,531
	-----	-----
	190,235	188,531
	-----	-----
Current Liabilities		
Other payables	5,218	6,378
Provision for income distribution	20,633	41,156
	-----	-----
	25,851	47,534
	-----	-----
<b>TOTAL LIABILITIES</b>	<u>216,086</u>	<u>236,065</u>
<b>TOTAL UNITHOLDERS' FUNDS &amp; LIABILITIES</b>	<u>1,616,342</u>	<u>1,381,961</u>

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**CONDENSED BALANCE SHEET – continued**

	<b>AS AT 30.09.2008 RM'000</b>	<b>AS AT 30.06.2008 RM'000</b>
Number of units in circulations ('000)	1,178,889 =====	1,178,889 =====
Net asset value per unit (RM)	1.1878 =====	0.9720 =====

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The Condensed Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 30 June 2008 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 PERIOD ENDED 30 SEPTEMBER 2008**

<b>3 months ended 30 September 2008</b>	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Income</b>		<b>Unitholders' Funds RM'000</b>
		<b>Realised RM'000</b>	<b>Unrealised RM'000</b>	
Net assets as at 1 July 2008	1,145,895	1	-	1,145,896
Net income for the period	-	20,633	254,360	274,993
Provision for income distribution	-	(20,633)	-	(20,633)
As at 30 September 2008	1,145,895	1	254,360	1,400,256

<b>3 months ended 30 September 2007</b>	<b>Unitholders' Capital RM'000</b>	<b>Distributable Undistributed Income</b>		<b>Unitholders' Funds RM'000</b>
		<b>Realised RM'000</b>	<b>Unrealised 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 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

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 2008 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 PERIOD ENDED 30 SEPTEMBER 2008**

	<b>3 months ended</b>	
	<b>30.09.2008</b>	<b>30.09.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash generated from operating activities	20,468	20,982
	=====	=====
Net cash generated from investing activities	888	741
	=====	=====
Net cash used in financing activities	(43,334)	(27,557)
	=====	=====
Net decrease in cash and cash equivalent	(21,978)	(5,834)
Cash and cash equivalents at beginning of financial period	103,755	85,784
	-----	-----
Cash and cash equivalent at end of financial period (note a)	81,777	79,950
	=====	=====

**Note (a)**

Cash and cash equivalent

	<b>As At</b>	<b>As At</b>
	<b>30.09.2008</b>	<b>30.09.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed Deposit	81,590	79,692
Bank balances	187	258
	-----	-----
	81,777	79,950
	=====	=====

The Condensed Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 30 June 2008 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 2008. 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 2008.

#### **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”).

#### **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.

#### **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 (which is tax exempt at Trust level under Section 61A of the Income Tax Act, 1969) of 3.4911 sen per unit, totaling RM41,156,190 representing approximately 100% of the income after taxation undistributed at the end of financial year ended 30 June 2008, was paid during the current financial quarter.

**STARHILL REAL ESTATE INVESTMENT TRUST**

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**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.

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## 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 RM27.866 million and RM274.993 million of revenue and income before taxation respectively for the current financial quarter ended 30 September 2008, representing an increase of 3.62% and 1,265.54% recorded in previous corresponding quarter ended 30 September 2007.

Included in the income before taxation was the fair value adjustment of investment properties amounting to RM254.360 million, in respect of the revaluation surplus that arose from the revaluation of investment properties, namely Lot 10, Starhill Gallery and JW Marriott Hotel Kuala Lumpur, which was approved by the Securities Commission on 11 July 2008. The Trust had incorporated the revaluation surplus into the Income Statement on 15 July 2008. The increases in revenue and income before taxation (before fair value adjustment of investment properties) were mainly contributed by increase in service charge rate for all tenancies on July 2008, higher rental rates received from renewal of existing tenancies and commencement of new tenancies from Starhill Gallery and Lot 10.

##### B2. Comparison with Preceding Quarter

	<b>Current Quarter 30.09.2008 RM'000</b>	<b>Preceding Quarter 30.06.2008 RM'000</b>
Revenue	27,866	27,272
Income before taxation*	20,633	20,425
Income after taxation before provision for income distribution*	20,633	20,425

\* For comparison purpose, income for the current quarter ended 30 September 2008 stated above is before the fair value adjustment of investment properties of RM254.360 million.

The Trust's revenue and income before taxation for the current financial quarter ended 30 September 2008 increased marginally to RM27.866 million and RM20.633 million from RM27.272 million and RM20.425 million recorded in the preceding financial quarter ended 30 June 2008. This represents an increase of 2.18% and 1.02% in revenue and income before taxation respectively. The increases in revenue and income before taxation were mainly contributed by increase in service charge rate for both Starhill Gallery and Lot 10 tenancies on July 2008.

## **STARHILL REAL ESTATE INVESTMENT TRUST**

### **INTERIM FINANCIAL REPORT**

#### **Notes : continued**

#### **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 the financial year ending 30 June 2009.

#### **B4. Profit Forecast**

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

#### **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.

#### **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**

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

#### **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

No distribution has been declared for the current financial quarter. In accordance with the Trust Deed dated 18 November 2005, provision is made to distribute 100% of the distributable income during the current financial quarter.

#### 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>30.09.2008</b>	<b>30.09.2007</b>
Income after taxation for the quarter (RM'000)	274,993 =====	20,138 =====
Weighted average number of Units in issue ('000)	1,178,889 =====	1,178,889 =====
Earnings per unit (sen)	23.33 =====	1.71 =====

## 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>30.09.2008</b>	<b>30.09.2007</b>
Provision for income distribution (RM'000)	20,633	20,138
Number of units in issue ('000)	1,178,889	1,178,889
Distribution per unit (sen)	1.75	1.71

#### B15. Audit Report of preceding financial year ended 30 June 2008

The audit report on the financial statements of the preceding financial year ended 30 June 2008 was not subject to any qualification.

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: 20 November 2008