

STARHILL REAL ESTATE INVESTMENT TRUST
Established in Malaysia

Interim Financial Report
31 March 2012

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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 2012.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR CORRESPONDING QUARTER 31.03.2012 RM'000	YEAR CORRESPONDING QUARTER 31.03.2011 RM'000	CURRENT YEAR TO DATE 31.03.2012 RM'000	PRECEDING YEAR TO DATE 31.03.2011 RM'000
NET REVENUE	28,207	7,895	52,887	22,835
PROPERTY OPERATING EXPENSES	(2,086)	(361)	(3,491)	(1,302)
NET PROPERTY INCOME	26,121	7,534	49,396	21,533
OTHER INCOME	2,586	10,583	39,241	32,528
TRUST EXPENSES	(1,102)	(664)	(2,641)	(1,994)
ADMINISTRATION EXPENSES	(144)	(155)	(379)	(265)
BORROWING COST	(2,128)	(2,110)	(6,442)	(6,467)
PROFIT BEFORE TAX	25,333	15,188	79,175	45,335
INCOME TAX EXPENSE	(70)	(218)	(836)	(1,402)
PROFIT FOR THE PERIOD	25,263	14,970	78,339	43,933

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR CORRESPONDING QUARTER 31.03.2012 RM'000	YEAR CORRESPONDING QUARTER 31.03.2011 RM'000	CURRENT YEAR TO DATE 31.03.2012 RM'000	PRECEDING YEAR TO DATE 31.03.2011 RM'000
PROFIT FOR THE PERIOD	25,263	14,970	78,339	43,933
OTHER COMPREHENSIVE EXPENSE :				
CURRENCY TRANSLATION DIFFERENCES	(22,033)	-	(8,038)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,230	14,970	70,301	43,933
PROFIT FOR THE PERIOD IS MADE UP AS FOLLOWS :-				
REALISED	25,263	14,970	78,339	43,933
UNREALISED	-	-	-	-
	25,263	14,970	78,339	43,933
EARNINGS PER UNIT (Sen)	1.91	1.27	6.26	3.73
GROSS DISTRIBUTION PER UNIT (Sen)	1.91	1.27	5.92	3.73

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.03.2012 RM'000	AUDITED AS AT 30.06.2011 RM'000
ASSETS		
INVESTMENT PROPERTIES	1,577,204	494,700
Current Assets		
Trade receivables	2,156	1,477
Other receivables	2,544	7,806
Available-for-sale financial assets	-	405,000
Fixed deposits	130,227	676,460
Bank balances	14,799	659
	-----	-----
	149,726	1,091,402
	-----	-----
TOTAL ASSETS	1,726,930	1,586,102
	=====	=====
UNITHOLDERS' FUNDS		
Unitholders' capital	1,291,395	1,145,895
Currency translation reserve	(8,038)	-
Undistributed income	210,858	210,764
	-----	-----
Net Asset Value	1,494,215	1,356,659
	-----	-----
LIABILITIES		
Non-current Liabilities		
Borrowing	180,000	180,000
Current Liabilities		
Other payables	27,594	11,730
Provision for income distribution	25,121	37,713
	-----	-----
	52,715	49,443
	-----	-----
TOTAL LIABILITIES	232,715	229,443
	-----	-----
TOTAL UNITHOLDERS' FUNDS & LIABILITIES	1,726,930	1,586,102
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

	UNAUDITED AS AT 31.03.2012 RM'000	AUDITED AS AT 30.06.2011 RM'000
Net assets value (RM'000)	1,494,215 =====	1,356,659 =====
Number of units in circulations ('000)	1,324,389 =====	1,178,889 =====
Net asset value per unit (RM)		
- before income distribution	1.1873	1.2156
- after income distribution	1.1282 =====	1.1508 =====

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The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**

9 months ended 31 March 2012	Unitholders' Capital RM'000	Distributable Undistributed Realised Income RM'000	<--Non distributable--> Unrealised Income RM'000	<--Non distributable--> Currency Translation Reserve RM'000	Unitholders' Funds RM'000
As at 1 July 2011	1,145,895	172,172	38,592	-	1,356,659
Operations for the period					
Profit for the period	-	78,339	-	-	78,339
Other comprehensive loss					
Currency translation differences	-	-	-	(8,038)	(8,038)
Increase / (decrease) in net assets resulting from operations	-	78,339	-	(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 in net assets resulting from Unitholders' transaction	145,500	(78,245)	-	-	67,255
As at 31 March 2012	1,291,395	172,266	38,592	(8,038)	1,494,215

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011 – continued**

9 months ended 31 March 2011	Unitholders' Capital RM'000	Distributable	Non-distributable	Unitholders' Funds RM'000
		Undistributed Realised Income RM'000	Unrealised Income RM'000	
As at 1 July 2010	1,145,895	190,306	38,676	1,374,877
Operations for the period				
Profit for the period	-	43,933	-	43,933
Increase in net assets resulting from operations	-	43,933	-	43,933
Unitholders' transactions				
Distribution paid	-	(38,744)	-	(38,744)
Provision for income distribution	-	(14,970)	-	(14,970)
Decrease in net assets resulting from unitholders' transactions	-	(53,714)	-	(53,714)
As at 31 March 2011	1,145,895	180,525	38,676	1,365,096

The Condensed Consolidated Statement of Changes in Net Asset Value should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 2012**

	9 months ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	79,175	45,335
Adjustments for :-		
Interest income	(9,671)	(32,528)
Gain on disposal of financial assets	(19,564)	-
Interest expense	6,442	6,467
	-----	-----
Operating profit before changes in working capital	56,382	19,274
Net changes in current assets	4,583	620,968
Net changes in current liabilities	15,864	(7,077)
Withholding tax paid	(836)	(1,402)
	-----	-----
Net cash generated from operating activities	75,993	631,763
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	9,671	32,528
Proceeds from disposal of financial assets	42,675	-
Acquisition of investment properties	(555,115)	-
	-----	-----
Net cash (used in) / from investing activities	(502,769)	32,528
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,442)	(6,467)
Distribution paid	(90,837)	(76,457)
	-----	-----
Net cash used in financing activities	(97,279)	(82,924)
	-----	-----
Net (decrease)/increase in cash and cash equivalent	(524,055)	581,367
Effect on exchange rate changes	(8,038)	-
Cash and cash equivalents at beginning of financial period	677,119	86,753
	-----	-----
Cash and cash equivalent at end of financial period (note a)	145,026	668,120
	=====	=====

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 - continued**

Note (a)

Cash and cash equivalent

	As At 31.03.2012 RM'000	As At 31.03.2011 RM'000
Fixed Deposit	130,227	667,840
Bank balances	14,799	280
	-----	-----
	145,026	668,120
	=====	=====

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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 2011 and the accompanying explanatory notes attached to the interim financial statements.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes :

Disclosure requirement pursuant to FRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Trust for the financial year ended 30 June 2011.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 “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 since the financial year ended 30 June 2011.

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

The adoption of amendment to FRSs and Interpretation Committee Interpretations, which were effective for financial period beginning 1 July 2011 do not have significant financial impacts on the Group.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group 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.

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 4.0112 sen per unit (which is tax exempt at the Trust level under Section 61A, Income Tax Act, 1967), totalling RM53,123,887, in respect of the six month period ended 31 December 2011 was paid during the financial quarter.

A7. Segment Information

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
Net property income	46,052	3,344	49,396
Other income			39,241
Trust and administration expenses			(3,020)
Borrowing cost			(6,442)
Profit before tax			79,175

No segment information is prepared for the corresponding financial period ended 31 March 2011 as the Trust's activities were predominantly in Malaysia.

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 for the current quarter ended 31 March 2012 and the fund size stands at 1,324,388,889.

A10. Changes in Contingent Liabilities

There were no contingent liabilities to be disclosed.

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

Financial year-to-date review

For the current financial period ended 31 March 2012, the Group recorded a revenue and profit before tax of RM52.887 million and RM79.175 million, respectively, representing an increase of 131.60% and 74.64%, respectively as compared to the preceding year corresponding period ended 31 March 2011.

The increase in revenue and profit before tax for the financial period ended 31 March 2012 was mainly due to the recognition of lease rental income from the lease of hospitality related properties acquired on 15 November 2011 and 22 December 2011.

Current quarter review

For the current financial quarter ended 31 March 2012, the Group recorded revenue and profit before tax of RM28.207 million and RM25.333 million, respectively, representing an increase of 257.28% and 66.80%, respectively as compared to the preceding year corresponding quarter ended 31 March 2011.

The increase in revenue and profit before tax was mainly due to the recognition of lease rental income from the lease of hospitality related properties acquired on 15 November 2011 and 22 December 2011.

Comparison with Preceding Quarter

	Current Quarter 31.03.2012 RM'000	Preceding Quarter 31.12.2011 RM'000
Revenue	28,207	16,690
Realised profit after tax	25,263	37,644

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B1. Review of Performance - continued

The Group's revenue for the current financial quarter ended 31 March 2012 increased to RM28.207 million, representing an increase of 69.01% compared to RM16.690 million recorded in the preceding quarter ended 31 December 2011. The increase in revenue was mainly due to the full recognition of lease rental income from the lease of hospitality related properties acquired on 15 November 2011 and 22 December 2011.

The Group's realised profit after tax for the financial quarter ended 31 March 2012 decreased to RM25.263 million from RM37.644 million recorded in the preceding quarter ended 31 December 2011, representing a decrease of 32.89%. The decrease was mainly due to recognition of a gain on disposal of Convertible Preferred Units ("CPUs") in the preceding quarter ended 31 December 2011 as a result of the transfer of 155,564,250 CPUs to part satisfy the purchase consideration for the acquisition of hospitality related properties completed in the last financial quarter.

B2. Audit Report of the preceding financial year ended 30 June 2011

The Auditor's Report on the financial statements of the financial year ended 30 June 2011 did not contain any qualification.

B3. Significant Changes in State of Affairs

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

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STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B4. Portfolio Composition

As at 31 March 2012, Starhill REIT's composition of investment portfolio is as follows:

	Fair value as at 31.03.2012 RM'000	Total Portfolio %
<u>Real Estate – Commercial</u>		
(i) JW Marriott Hotel Kuala Lumpur	349,700	22
(ii) The Residences at Ritz-Carlton, Kuala Lumpur	218,881	14
(iii) Cameron Highlands Resort	50,649	3
(iv) Vistana Penang	101,778	7
(v) Vistana Kuala Lumpur	101,207	6
(vi) Vistana Kuantan	75,980	5
(vii) The Ritz-Carlton Hotel, Kuala Lumpur	253,017	16
(viii) Pangkor Laut Resort	98,364	6
(ix) Tanjong Jara Resort	88,050	6
(x) Hilton Niseko*	239,578	15
	----- 1,577,204 =====	----- 100 =====

Note :

* Translated on 31 March 2012 at the exchange rate of JPY100 : RM3.7396

B5. Change in Net Asset Value (“NAV”)

The total NAV and NAV per unit of the Group as at 31 March 2012 were RM1,494,215,120 and RM1.1282, 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.

	Current Quarter 31.03.2012 RM	Preceding Quarter 31.12.2011 RM
NAV	1,494,215,120	1,516,106,240
NAV per unit	1.1282	1.1448

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B6. Change in Market Value

On 30 March 2012, Starhill REIT market value closed at RM0.930 per unit, an increase of 5.08% compared to the closing market value of RM0.885 per unit on 30 December 2011.

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 2012.

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.

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 maintenance costs and major capital expenditure incurred during the financial quarter.

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.

B13. Taxation

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.

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 except for the following: -

On 14 December 2010, it was announced that as part of the rationalisation exercise to reposition Starhill REIT as a full-fledged hospitality REIT, Maybank Trustees Berhad, the trustee of Starhill REIT had entered into several agreements for the purposes of the acquisitions, to be satisfied via a combination of cash, issuance of new units in Starhill REIT and CPUs issued by Starhill Global Real Estate Investment Trust ("Starhill Global REIT") which are currently held by the Trust valued at SGD1.00 per CPU.

The Trust completed the acquisitions on 15 November 2011 and 22 December 2011.

However, compliance of clause 8.22(d) of the REIT Guidelines in relation to Trust's investments in CPUs which must not exceed 10% of the CPUs issued by Starhill Global REIT is pending, which the SC, on 10 January 2012, approved the Trust's application for an extension of time until 28 March 2012 to comply. This was complied on 26 March 2012 following the disposal of CPUs to YTL Corporation Berhad ("YTL Corp") pursuant to the entry into a sale and purchase agreement by the Trust and YTL Corp on even date.

B15. Borrowings and Debt Securities

The borrowing of RM180 million with a tenure of five years and bears a fixed interest rate of 4.75% per annum is secured by a first fixed charge over investment properties. The borrowing shall be repaid in one lump sum on 16 December 2015.

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.

STARHILL REAL ESTATE INVESTMENT TRUST

INTERIM FINANCIAL REPORT

Notes : continued

B17. 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 FRS 134: 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 2012 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: 22 May 2012