

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED BALANCE SHEET**  
**FOR THE QUARTER ENDED 31 DECEMBER 2006 (UNAUDITED)**

|  | <b>AS AT END<br/>OF CURRENT<br/>QUARTER<br/>31.12.2006<br/>RM</b> | <b>AS AT<br/>PRECEEDING<br/>FINANCIAL<br/>YEAR END<br/>31.12.2005<br/>RM</b> |
|--|---|--|
| <b>INVESTMENTS</b>                           |   |  |
| Real estate properties                       | 345,550,000   | 323,900,000  |
| <b>OTHER ASSETS</b>                          |   |  |
| Trade receivables                            | 358,407   | 475,610  |
| Other receivables                            | 926,934   | 3,920,060  |
| Deposits with licensed financial institution | 1,550,000   | 7,835,000  |
| Cash and bank balances                       | 407,019   | 2,082,815  |
|  | 3,242,360   | 14,313,485   |
| <b>TOTAL ASSETS</b>                          | 348,792,360   | 338,213,485  |
| <b>LIABILITIES</b>                           |   |  |
| Other payables                               | 1,014,552   | 2,980,039  |
| Rental deposits                              | 9,675,948   | 8,074,291  |
| Amount due to Manager                        | 124,485   | 1,328,575  |
| Borrowings                                   | 65,600,000  | 85,500,000   |
| Provision for taxation                       | (73,914)  | -  |
| Provision for income distribution            | 10,488,000  | -  |
| <b>TOTAL LIABILITIES</b>                     | 86,829,071  | 97,882,905   |
| <b>NET ASSET VALUE</b>                       | 261,963,289   | 240,330,580  |
| <b>FINANCED BY:</b>                          |   |  |
| <b>UNITHOLDERS' FUND</b>                     |   |  |
| Unitholders' capital                         | 246,791,875   | 226,029,626  |
| Revaluation reserve                          | -   | 13,400,000   |
| Undistributed income                         | 15,171,414  | 900,954  |
|  | 261,963,289   | 240,330,580  |
| <b>NET ASSET VALUE PER UNIT</b>              | 1.065   | 1.054  |
| <b>NUMBER OF UNITS IN CIRCULATION</b>        | 245,948,700   | 228,000,000  |

The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED INCOME STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2006 (UNAUDITED)**

|   | INDIVIDUAL QUARTER                          |  | CUMULATIVE QUARTER                          |   |
|---|---|--|---|---|
|   | Current Year<br>Quarter<br>31.12.2006<br>RM | Preceding Year<br>Corresponding<br>Quarter<br>31.12.2005 *<br>RM | Current Year<br>To Date<br>31.12.2006<br>RM | Preceding Year<br>To Date<br>31.12.2005 *<br>RM |
| <b>TOTAL INCOME</b>   |   |  |   |   |
| Gross rental  | 8,484,065                                   | 2,272,013  | 31,256,037                                  | 2,272,013                                       |
| Property operating expenses                                 | (1,833,248)                                 | (532,618)  | (6,858,410)                                 | (532,618)                                       |
| <b>Net rental income</b>                                    | 6,650,817                                   | 1,739,395  | 24,397,627                                  | 1,739,395                                       |
| Interest income   | 7,550                                       | 1,162  | 46,751                                      | 1,162   |
| Other income  | 18,194                                      | 2,100  | 77,265                                      | 2,100   |
|   | 6,676,561                                   | 1,742,657  | 24,521,643                                  | 1,742,657                                       |
| <b>TOTAL EXPENDITURE</b>                                    |   |  |   |   |
| Manager's fees  | (360,000)                                   | (110,000)  | (1,350,000)                                 | (110,000)                                       |
| Trustee's fee   | (29,537)                                    | (9,035)  | (111,586)                                   | (9,035)   |
| Borrowing costs   | (758,622)                                   | (689,838)  | (2,976,584)                                 | (689,838)                                       |
| Auditors' remuneration                                      | (15,000)                                    | (20,000)   | (30,000)                                    | (20,000)  |
| Tax agent's fee   | (3,000)                                     | (12,000)   | (8,000)                                     | (12,000)  |
| Administrative expenses                                     | (214,813)                                   | (830)  | (383,924)                                   | (830)   |
|   | (1,380,972)                                 | (841,703)  | (4,860,094)                                 | (841,703)                                       |
| Net appreciation on fair values<br>of Investment Properties | -   | -  | 650,000                                     | -   |
| <b>INCOME BEFORE TAXATION</b>                               | 5,295,589                                   | 900,954  | 20,311,549                                  | 900,954   |
| <b>TAXATION</b>   | 81,914                                      | -  | (61,086)                                    | -   |
| <b>INCOME AFTER TAXATION</b>                                | 5,377,503                                   | 900,954  | 20,250,463                                  | 900,954   |
| <b>INCOME DISTRIBUTION</b>                                  |   |  |   |   |
| - Distributed Income  | -   | -  | (8,892,003)                                 | -   |
| - Provision for Distribution                                | (5,654,394)                                 | -  | (10,488,000)                                | -   |
|   | (276,891)                                   | 900,954  | 870,460                                     | 900,954   |
| <b>INCOME BEFORE TAXATION<br/>IS ANALYSED AS FOLLOWS</b>    |   |  |   |   |
| -Realised   | 5,295,589                                   | 900,954  | 19,661,549                                  | 900,954   |
| - Unrealised  | -   | -  | 650,000                                     | -   |
| <b>EARNINGS PER UNIT</b>                                    |   |  |   |   |
| - after managers' fees (sen)                                | 2.19  | 0.40   | 8.67  | 0.40  |
| - before managers' fees (sen)                               | 2.33  | 0.44   | 9.25  | 0.44  |

The Trust commenced its operation on 1 December 2005. Hence, the comparative figures for year 2005 represent only one (1) month result.

The condensed income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**

**CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE  
FOR THE QUARTER ENDED 31 DECEMBER 2006 (UNAUDITED)**

|   | <b>Attributable to Unitholders' Funds</b> |   |                               | <b>Total Unitholders' Funds</b>             |   |
|---|---|---|-------------------------------|---|---|
|   | Unitholders'<br>Capital<br>RM             | Non-Distributable<br>Revaluation<br>Reserve<br>RM | Undistributed<br>Income<br>RM | Current Year<br>To Date<br>31.12.2006<br>RM | Preceding Year<br>To Date<br>31.12.2005<br>RM |
| Balance as at 1<br>January before<br>adoption of<br>FRS 140 | 226,029,626                               | 13,400,000  | 900,954                       | 240,330,580                                 | -   |
| Effect of adoption<br>of FRS 140                            | -   | (13,400,000)                                      | 13,400,000                    | -   | -   |
| Balance as at 1<br>January after<br>adoption of<br>FRS 140  | 226,029,626                               | -   | 14,300,954                    | 240,330,580                                 | -   |
| <b>Movements during<br/>the period</b>                      |   |   |                               |   |   |
| Creation of new<br>units                                    | 20,999,979                                | -   | -                             | 20,999,979                                  | 228,450,000                                   |
| Revaluation of<br>Real Property                             | -   | -   | -                             | -   | 13,400,000                                    |
| Listing Expenses  | (237,730)                                 | -   | -                             | (237,730)                                   | (2,420,374)                                   |
| Net income for<br>the period                                | -   | -   | 20,250,463                    | 20,250,463                                  | 900,954                                       |
| Distribution<br>to unitholder                               | -   | -   | (19,380,003)                  | (19,380,003)                                | -   |
| Balance carried<br>forward as at<br>31 December             | 246,791,875                               | -   | 15,171,414                    | 261,963,289                                 | 240,330,580                                   |

The condensed statement of changes in net asset value should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

**UOA REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED 31 DECEMBER 2006 (UNAUDITED)**

|   | <b>Current Year<br/>To Date<br/>31.12.2006<br/>RM</b> | <b>Preceding Year<br/>To Date<br/>31.12.2005 *<br/>RM</b> |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>              |   |   |
| Profit before taxation                                  | 20,311,549  | 900,954   |
| Adjustment for:   |   |   |
| Interest income   | (46,751)  | 1,162   |
| Interest expense  | 2,976,584   | 168,658   |
| Provision for Doubtful Debts                            | 63,283  | -   |
| Bad Debt Written Off                                    | 22,756  | -   |
| Net appreciation on fair value of investment properties | (650,000)   | -   |
| Operating profit before changes in working capital      | 22,677,421  | 1,070,774   |
| Decrease in receivables                                 | 3,024,290   | (4,395,670)   |
| Decrease in payables                                    | (1,567,920)   | 12,382,905  |
| Cash generated from operating activities                | 24,133,791  | 9,058,009   |
| Tax Paid  | (135,000)   | -   |
| Net Cash generated from operating activities            | 23,998,791  | 9,058,009   |
| <b>CASH FLOW FROM INVESTING ACTIVITY</b>                |   |   |
| Interest income   | 46,751  | (1,162)   |
| Investment in Investment Properties                     | (21)  | -   |
| Net cash generated from investing activity              | 46,730  | (1,162)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |   |   |
| Interest paid   | (2,976,584)   | (168,658)   |
| Unitholders' Capital                                    | -   | 3,450,000   |
| Listing expenses  | (237,730)   | (2,420,374)   |
| Distribution to Unitholders                             | (8,892,003)   | -   |
| Repayment of borrowings                                 | (19,900,000)  | -   |
| Net cash used in financing activities                   | (32,006,317)  | 860,968   |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>        | <b>(7,960,796)</b>                                    | <b>9,917,815</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b> | <b>9,917,815</b>                                      | <b>-</b>  |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>       | <b>1,957,019</b>                                      | <b>9,917,815</b>  |
| Cash and cash equivalents at end of period comprises:   |   |   |
| Deposits with licensed financial institution            | 1,550,000   | 7,835,000   |
| Cash and bank balances                                  | 407,019   | 2,082,815   |
|   | 1,957,019   | 9,917,815   |

\* The Trust commenced its operation on 1 December 2005 and hence the figure represent only one (1) month result.

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

## UOA REAL ESTATE INVESTMENT TRUST

### EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE QUARTER ENDED 31 DECEMBER 2006 (UNAUDITED)

#### A EXPLANATORY NOTES PURSUANT TO FRS 134

##### A1 BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. 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 year ended 31 December 2005.

##### A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/ revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

|         |  |
|---------|--|
| FRS 101 | Presentation of Financial Statements                 |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date                  |
| FRS 133 | Earnings Per Share                                   |
| FRS 136 | Impairment of Assets                                 |
| FRS 140 | Investment Property                                  |

The adoption of the abovementioned FRSs for the financial year 2006 does not result in significant changes in accounting policies of the Trust, save for the adoption of FRS 140: Investment Properties of which the principal policy changes and its effect is discussed below:

##### a) FRS 140: Investment Property

Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out at least once every three years and any revaluation increase is taken to equity as revaluation surplus. The investment properties were last revalued in 2005. Upon the adoption of FRS 140, investment properties are now stated at their fair value and changes in fair values will be recognised as gain or loss in the income statement in the year in which they arise. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2006:

|                                 | <b>As at<br/>01.01.2006<br/>RM</b> |
|---------------------------------|------------------------------------|
| Decrease in revaluation reserve | (13,400,000)                       |
| Increase in retained earnings   | <u>13,400,000</u>                  |

### **A3 QUALIFIED AUDIT REPORT**

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

### **A4 COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business operations of the Trust are not affected by material seasonal or cyclical factors.

### **A5 UNUSUAL ITEMS**

There were no unusual items affecting assets, liabilities, unitholders' funds, net income or cash flows for the quarter under review.

### **A6 CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

### **A7 DEBT AND EQUITY SECURITIES**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

### **A8 INCOME DISTRIBUTION**

No income distribution was paid during the quarter under review. However, the Board of Directors of UOA Asset Management Sdn Bhd, the manager of UOA REIT, has on 23 January 2007 declared a 98% total income distribution for the year ended 31 December 2006. Having made an interim distribution of 3.9 sen per unit in August 2006, a final dividend of 4.6 sen per unit would be distributed by 28 February 2007. A provision of RM5,654,394 was made in the quarter under review to account for the final income distribution.

### **A9 SEGMENTAL REPORTING**

Not applicable.

### **A10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The value of the investment properties brought forward from the financial statement for the year ended 31 December 2005 have not been revalued for the current quarter under review. The fair value of the investment properties as at 31 December 2006, other than Wisma UOA Bangsar, were assessed by the Board of Directors of UOA Asset Management Sdn Bhd, the manager of UOA-REIT, to be the same as the last valuation conducted by an Independent Property Valuer in year 2005. Valuation on Wisma UOA Bangsar was carried out by an Independent Property Valuer, Henry Butcher (Sel) Sdn Bhd, on 15 April 2006 prior to its acquisition by UOA-REIT as disclosed in section A12, Effect of Changes in the Composition of the Trust.

### **A11 MATERIAL EVENTS**

There was no material event as at the latest practicable date from the date of this report.

### **A12 EFFECT OF CHANGES IN THE COMPOSITION OF THE TRUST**

There were no changes in the composition of the Trust for the current quarter. The Fund size stands at 245,948,700 units.

### **A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets to be disclosed.

## **B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD.**

### **B1 REVIEW OF PERFORMANCE**

For the quarter ended 31 December 2006, the Trust registered a total income of RM8,509,809 inclusive of interest income of RM7,550. Total expenditure for the quarter under review amount to RM3,214,220 with RM1,833,248 attributable to property operating expenses and RM1,380,972 attributable to non-property operating expenses. Income before taxation available for distribution for the quarter under review was RM5,295,589. Taking into consideration a 98% distribution for the year, the Trust has set aside RM5,654,394 as provision for income distribution for the quarter ended 31 December 2006.

The Trust has registered an improvement in realised income before taxation of approximately 5% over the immediate preceding quarter, contributed mainly by continuous improvement in average rental rate and sustaining occupancy. Earnings per unit was 2.33 sen before manager's fees and 2.19 sen after manager's fees.

No reliable comparison can be made against corresponding quarter last year as UOA-REIT commenced its operation on 1 December 2005, hence the corresponding quarter represent only one (1) month operation result.

### **B2 MATERIAL CHANGES IN INCOME BEFORE TAXATION FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

There was no material changes to the income before taxation for the quarter under review.

### **B3 PROSPECTS**

The Manager expects the Properties Parcels to continue enjoying good occupancy and improvement in rental rates in year 2007 (buoyed by a positive outlook on the commercial real estate in Malaysia).

The Manager will continue to adopt an active operating and capital management strategy to enhance the yields and returns of the existing Properties Parcels. The Manager will further seek opportunities to acquire real estate that meet the objectives of the Trust.

#### B4 VARIANCES

This is not applicable as there was no profit forecast or profit guarantee issued for this financial quarter.

#### B5 TAXATION

The breakdown of the tax components is as follows:

|  | Current Quarter |            | Year To Date  |            |
|--|-----------------|------------|---------------|------------|
|  | 31.12.2006      | 31.12.2005 | 31.12.2006    | 31.12.2005 |
|  | RM              | RM         | RM            | RM         |
| Taxation on current period's profit  | (81,914)        | -          | 61,086        | -          |
| Deferred tax relating to originating and reversal of temporary differences | -               | -          | -             | -          |
| Tax expense for the period   | <u>(81,914)</u> | <u>-</u>   | <u>61,086</u> | <u>-</u>   |

A reconciliation of income tax expense applicable to income before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Trust is as follows:

|   | Current Quarter |            | Year To Date  |            |
|---|-----------------|------------|---------------|------------|
|   | 31.12.2006      | 31.12.2005 | 31.12.2006    | 31.12.2005 |
|   | RM              | RM         | RM            | RM         |
| Income before taxation                          | 5,295,589       | 900,954    | 19,661,549    | 900,954    |
| Taxation at Malaysian statutory tax rate of 28% | 1,482,765       | 252,267    | 5,505,234     | 252,267    |
| Effect of income not subject to tax             | (374,697)       | -          | (4,217,868)   | -          |
| Expenses not deductible for tax purposes        | 37,761          | 2,530      | 38,967        | 2,530      |
| Utilisation of capital allowances               | (1,227,743)     | (254,797)  | (1,265,247)   | (254,797)  |
| Tax expense for the period                      | <u>(81,914)</u> | <u>-</u>   | <u>61,086</u> | <u>-</u>   |

As income distributed by REIT is exempted from tax as disclosed in Section B12, the increase of income distribution from 95% for the period ended last quarter to 98% for financial year ended 31 December 2006 has resulted in a reduction in tax expenses for the quarter under review.

**B6 PROFITS ON SALE OF INVESTMENT IN UNQUOTED SECURITIES/  
PROPERTIES**

There was no disposal of investment in unquoted securities during the current quarter and financial period-to-date.

**B7 PARTICULARS OF PURCHASE OR DISPOSAL OF INVESTMENT IN QUOTED  
SECURITIES**

There was no purchase or disposal of investment in quoted securities during the current quarter and financial period-to-date.

**B8 STATUS OF CORPORATE PROPOSAL**

- (a) The acquisition of Wisma UOA Bangsar by the Trust was completed on 12 September 2006. Pursuant to the acquisition, 17,948,700 new units were issued at RM1.17 per unit as part of the purchase consideration with the balance consideration of RM21 satisfied by cash.

Pursuant to the terms of the Sale and Purchase Agreement, the new units will remain unquoted until the completion of the payment of distribution in respect of the financial year ended 31 December 2006 ("Distribution") to be distributed by 28 February 2007. The vendor has waived its entitlement to the distribution.

- (b) There were no proceeds raised from any corporate proposal during the current quarter and financial period-to-date.

**B9 BORROWINGS AND DEBT SECURITIES**

|                               | Current<br>Quarter<br>31.12.2006 (RM) | Year Ended<br>31.12.2005 (RM) |
|-------------------------------|---------------------------------------|-------------------------------|
| Revolving credit<br>- Secured | 65,600,000                            | 85,500,000                    |

**B10 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Trust has no financial instrument with off balance sheet risks as at the latest practicable date from the date of the issuance of this report that might materially affect the position or business of the Trust.

## B11 MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

## B12 INCOME DISTRIBUTION

In line with the tax transparency regime introduced by the Government through the Finance Act 2004, income distributed to the unitholders by the trust is exempted from tax at the trust level. Further to the announcement of Malaysian 2007 Budget by the Prime Minister and Minister of Finance on 1 September 2006, unitholders who receive income distribution from REIT after 1 January 2007 are subject to respective tax rates as follows:-

- i) Non-corporate investors are subject to a final withholding tax at the rate of 15% for 5 years.
  - ii) Foreign institutional investors are subject to a final withholding tax at the rate of 20 % for 5 years.
  - iii) Local and foreign corporate investors are subject to the existing tax treatment and tax rates.
- (a) (i) A provisional income distribution for the quarter has been provided in this quarter's result (previous corresponding quarter: Nil).

- (ii) Provision:-  
Distribution per unit (DPU) \*: 2.48 sen (Tax exempt at trust level)

\* DPU is calculated based on 228,000,000 units as the entitlement of new issued units to the distribution for financial year ending 31 December 2006 has been waived by the vendor pursuant to the acquisition of Wisma UOA Bangsar as disclosed in section B8, Status of Corporate Proposal.

## B13 DISTRIBUTION PER UNIT - PROVISIONAL

|                                      | Current<br>Quarter Ended<br>31.12.2006<br>RM | Year To Date<br>ended<br>31.12.2006<br>RM |
|--------------------------------------|--|---|
| Provision for income distribution    | 5,654,394                                    | 19,380,003                                |
| Number of units issued               | 245,948,700                                  | 245,948,700                               |
| Basic earnings per unit (sen) *      | 2.19   | 8.67                                      |
| Distribution per unit (DPU) (sen) ** | 2.48   | 8.50                                      |
| Diluted earnings per unit (sen)      | N/A  | N/A                                       |

\* Basic earnings per units is calculated based on weighted average number of units in issue during the period as disclosed in section B14.

\*\* DPU is calculated based on 228,000,000 units as disclosed in section B12.

## B14 EARNINGS PER UNIT

### (a) Basic Earnings

Basic earnings per unit are calculated by dividing income for the period attributable to unitholders by the weighted average number of units in issue during the period.

|   | Current Quarter |             | Year To Date |             |
|---|-----------------|-------------|--------------|-------------|
|   | 31.12.2006      | 31.12.2005  | 31.12.2006   | 31.12.2005  |
|   | RM              | RM          | RM           | RM          |
| Income after taxation                               | 5,377,503       | 900,954     | 20,250,463   | 900,954     |
| Weighted average number of units in issue           | 245,948,700     | 228,000,000 | 233,458,372  | 228,000,000 |
| Basic earnings per unit (after managers' fee) (sen) | <u>2.19</u>     | <u>0.40</u> | <u>8.67</u>  | <u>0.40</u> |

BY ORDER OF THE BOARD

YAP KAI WENG  
Company Secretary  
UOA ASSET MANAGEMENT SDN BHD  
(As the Manager of UOA REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur  
25 January 2007