

UOA REAL ESTATE INVESTMENT TRUST

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008 (UNAUDITED)**

| | AS AT END OF CURRENT QUARTER 31.12.2008 RM | AS AT PRECEDING FINANCIAL YEAR END 31.12.2007 RM |
|--|---|---|
| INVESTMENTS | | |
| Real estate properties | 481,011,461 | 425,346,423 |
| PROPERTY, PLANT & EQUIPMENT | 34,609 | 39,586 |
| OTHER ASSETS | | |
| Trade receivables | 836,630 | 835,156 |
| Other receivables | 1,309,867 | 2,636,472 |
| Current tax asset | 118,313 | 118,313 |
| Deposits with licensed financial institution | 300,000 | 2,550,000 |
| Cash and bank balances | 314,753 | 326,030 |
| | 2,879,563 | 6,465,971 |
| TOTAL ASSETS | 483,925,633 | 431,851,980 |
| LIABILITIES | | |
| Other payables | 2,377,895 | 4,395,287 |
| Rental deposits | 12,624,767 | 11,104,012 |
| Amount due to Manager | 162,456 | 162,419 |
| Borrowings | 113,600,000 | 64,300,000 |
| Provision for income distribution | 13,650,153 | 10,886,403 |
| TOTAL LIABILITIES | 142,415,271 | 90,848,121 |
| NET ASSET VALUE | 341,510,362 | 341,003,859 |
| FINANCED BY: | | |
| UNITHOLDERS' FUND | | |
| Unitholders' capital | 246,791,875 | 246,791,875 |
| Undistributed income | 94,718,487 | 94,211,984 |
| | 341,510,362 | 341,003,859 |
| NET ASSET VALUE PER UNIT | 1.3885 | 1.3865 |
| NUMBER OF UNITS IN CIRCULATION | 245,948,700 | 245,948,700 |

The condensed balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current Year Quarter 31.12.2008 RM | Preceding Year Corresponding Quarter 31.12.2007 RM | Current Year To Date 31.12.2008 RM | Preceding Year To Date 31.12.2007 RM |
| TOTAL INCOME | | | | |
| Gross rental | 11,151,565 | 8,733,996 | 42,123,523 | 34,095,640 |
| Property operating expenses | (2,213,793) | (1,959,088) | (9,419,217) | (7,835,966) |
| Net rental income | 8,937,772 | 6,774,908 | 32,704,306 | 26,259,674 |
| Interest income | 6,734 | 11,140 | 49,408 | 36,985 |
| Other income | 22,321 | 48,256 | 138,720 | 131,451 |
| | 8,966,827 | 6,834,304 | 32,892,434 | 26,428,110 |
| TOTAL EXPENDITURE | | | | |
| Manager's fees | (482,403) | (469,020) | (1,925,400) | (1,609,889) |
| Trustee's fee | (38,765) | (37,452) | (154,907) | (136,292) |
| Borrowing costs | (1,229,046) | (718,946) | (4,648,659) | (2,918,064) |
| Auditors' remuneration | (10,000) | (20,000) | (38,000) | (35,000) |
| Tax agent's fee | (2,000) | (3,000) | (7,000) | (5,000) |
| Valuation fees | - | (20,781) | (69,159) | (60,781) |
| Administrative expenses | (77,280) | (167,900) | (865,027) | (426,208) |
| | (1,839,494) | (1,437,099) | (7,708,152) | (5,191,234) |
| Net appreciation on fair values of Investment Properties | - | 10,350,000 | - | 78,750,000 |
| INCOME BEFORE TAXATION | 7,127,333 | 15,747,205 | 25,184,282 | 99,986,876 |
| TAXATION | - | - | - | - |
| INCOME AFTER TAXATION | 7,127,333 | 15,747,205 | 25,184,282 | 99,986,876 |
| INCOME DISTRIBUTION | | | | |
| - Distributed Income | - | - | (11,018,502) | (10,059,302) |
| - Provision for Distribution | (7,523,221) | (5,804,119) | (13,650,153) | (10,886,403) |
| - Underprovision of final distribution in prior year | - | - | (9,124) | - |
| | (395,888) | 9,943,086 | 506,503 | 79,041,171 |
| INCOME BEFORE TAXATION IS ANALYSED AS FOLLOWS | | | | |
| - Realised | 7,127,333 | 5,397,205 | 25,184,282 | 21,236,876 |
| - Unrealised | - | 10,350,000 | - | 78,750,000 |
| EARNINGS PER UNIT | | | | |
| - after managers' fees (sen) | 2.90 | 6.40 | 10.24 | 40.65 |
| - before managers' fees (sen) | 3.09 | 6.59 | 11.02 | 41.31 |

The condensed income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)**

| | Attributable to Unitholders' Funds | | | Total Unitholders' Funds | |
|---|---|---|---|---|---|
| | Unitholders' Capital RM | Undistributed Realised Income RM | Undistributed Unrealised Income RM | Current Year To Date 31.12.2008 RM | Preceding Year To Date 31.12.2007 RM |
| Balance as at 1 January | 246,791,875 | 1,411,984 | 92,800,000 | 341,003,859 | 261,962,688 |
| Movements during the year | | | | | |
| Realisation upon disposal of UOA Bangsar | - | 11,000,000 | (11,000,000) | - | - |
| Net income for the year | - | 25,184,282 | - | 25,184,282 | 99,986,876 |
| Distribution to unitholders | - | (24,677,779) | - | (24,677,779) | (20,945,705) |
| Balance carried forward as at 31 December | <u>246,791,875</u> | <u>12,918,487</u> | <u>81,800,000</u> | <u>341,510,362</u> | <u>341,003,859</u> |

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008 (UNAUDITED)

| | Current Year To Date 31.12.2008 RM | Preceding Year To Date 31.12.2007 RM |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 25,184,282 | 99,986,876 |
| Adjustment for: | | |
| Interest income | (49,408) | (36,985) |
| Interest expense | 4,648,659 | 2,918,064 |
| Depreciation | 4,260 | 2,654 |
| Fixed assets written off | 3,117 | - |
| Allowance for Doubtful Debts | 110,517 | 171,494 |
| Net appraisal on revaluation of investment properties | - | (78,750,000) |
| Operating profit before changes in working capital | 29,901,427 | 24,292,103 |
| Increase in receivables | (505,386) | (559,502) |
| Increase in payables | 1,430,747 | 1,601,715 |
| Cash generated from operating activities | 30,826,788 | 25,334,316 |
| Tax paid | - | (45,000) |
| Net cash generated from operating activities | <u>30,826,788</u> | <u>25,289,316</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest income | 49,408 | 36,985 |
| Purchase of Property, Plant & Equipment | (2,400) | (42,240) |
| Purchase of Investment Properties and subsequent expenditure | (84,502,109) | (1,046,423) |
| Deposit paid for purchase of UOA Pantai | - | (1,720,000) |
| Deposit received from disposal of UOA Bangsar | - | 3,200,000 |
| Proceeds from disposal of an Investment Property | 28,800,000 | - |
| Net cash (used in)/generated from investing activities | <u>(55,655,101)</u> | <u>428,322</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (4,818,935) | (2,951,325) |
| Distribution to Unitholders | (21,914,029) | (20,547,302) |
| Net drawdown/(repayment) of borrowings | 49,300,000 | (1,300,000) |
| Net cash generated from/(used in) financing activities | <u>22,567,036</u> | <u>(24,798,627)</u> |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (2,261,277) | 919,011 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 2,876,030 | 1,957,019 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>614,753</u> | <u>2,876,030</u> |
| Cash and cash equivalents at end of year comprise: | | |
| Deposits with licensed financial institution | 300,000 | 2,550,000 |
| Cash and bank balances | 314,753 | 326,030 |
| | <u>614,753</u> | <u>2,876,030</u> |

The condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST

EXPLANATORY NOTES TO THE QUARTERLY REPORT FOR THE YEAR ENDED 31 DECEMBER 2008 (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 2007. 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 2007.

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 2007.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2007 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 and period-to-date.

A8 INCOME DISTRIBUTION

No income distribution was declared for the quarter under review but provision was made to distribute 98% of the income before tax (unaudited) for the second half year ended 31 December 2008 to be distributed by the end of February 2009 as described under Section B12, Income Distribution.

A9 SEGMENTAL REPORTING

Not applicable.

A10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Based on the indicative market values by an independent valuer and taking consideration current market conditions, the directors have undertaken to assess the fair values of the properties in accordance with FRS 140 : Investment Property.

The directors are of the opinion that the value of the properties as at 31 December 2008 reflect their fair values.

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.

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 2008, the Trust registered a total income of RM11,180,620 inclusive of interest income and other income of RM6,734 and RM22,321 respectively. Total expenditure for the quarter under review amounted to RM4,053,287 with RM2,213,793 attributable to property operating expenses and RM1,839,494 attributable to non-property operating expenses. Income before taxation available for distribution for the quarter under review was RM7,127,333. Taking into consideration a 98% distribution, the Trust has set aside RM7,523,221 as provision for income distribution (inclusive of the adjustment against provision in previous quarters due to increase in the distribution ratio from 95% to 98%).

Against the corresponding quarter last year, gross rental has improved by approximately 27.7% or RM2,417,569, attributed mainly to the improvements in rental rates as well as contribution from the newly acquired property. Meanwhile, operating expenses have increased by approximately 19.3%, arising mainly from the maintenance costs of the new property (RM247,880) and increased borrowing costs (RM510,100). The net improvement in realised income before taxation amounted to RM1,730,128 or approximately 32.1%.

Earnings per unit after manager's fee has increased by 0.71 sen or approximately 32.4% against the corresponding period last year, from 2.19 sen to 2.90 sen per unit.

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

There were no material changes in the income before taxation for the quarter under review.

B3 PROSPECTS

Despite a slowing economic outlook, the properties are expected to continue to enjoy good occupancy and tenancy rates premised by the strategic location of the buildings.

The Manager will continue to adopt an active operating and capital management strategy to enhance the yields and returns to 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

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 | |
|--|-----------------|-------------|--------------|-------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| | RM | RM | RM | RM |
| Income before taxation | 7,127,333 | 5,397,205 | 25,184,282 | 21,236,876 |
| Taxation at Malaysian statutory tax rate of 26%* | 1,853,107 | 1,457,246 | 6,547,913 | 5,733,957 |
| Effect of income not subject to tax | (1,955,740) | (1,566,941) | (6,414,113) | (5,655,477) |
| Expenses not deductible for tax purposes | (8,266) | (1,525) | 6,846 | 1,253 |
| Utilisation of capital allowances | 26,808 | 21,940 | (34,392) | (15,594) |
| Tax Exemption ** | 84,091 | 89,280 | (106,254) | (64,139) |
| Tax expense for the period | - | - | - | - |

* For the year of 2008, the corporate tax rate has been revised from 27% to 26%.

** In year 2008, Real Estate Investment Trusts (REIT) are exempted from taxes on all income provided that at least 90% of their total income is distributed to the investors. UOA REIT is expected to enjoy the tax exemption given its distribution policies of at least 95% of its total income. Therefore, no tax expense is recognised for the quarter under review.

B6 PROFIT 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

There were no corporate proposals announced but not completed at the latest practicable date.

B9 BORROWINGS AND DEBT SECURITIES

| | Current Quarter 31.12.2008 RM | Year Ended 31.12.2007 RM |
|-------------------------------|--|--------------------------------|
| Revolving credit - Secured | 113,600,000 | 64,300,000 |

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

A provision was made to distribute RM7,523,221 as income distribution for quarter ended 31 December 2008. This translates into approximately 3.06 sen per unit for the quarter under review and includes a non-taxable portion of approximately 0.74 sen per unit (representing 24.2% of the gross distribution) deriving mainly from utilisation of capital allowances.

Pursuant to the amended Part X, Schedule I of the Income Tax Act, 1967 under the Finance Act 2006 and the announced Budget 2009, the following withholding tax rates would be applicable on distribution of income which is tax exempt at Trust's level (the next income distribution falls in February 2009):

- Non-corporate investors and local institutional investors are subject to a final withholding tax at the rate of 10% (up to year 2011).
- Foreign institutional investors are subject to a final withholding tax at the rate of 10% (up to year 2011).
- Foreign corporate investors are subject to a final withholding tax at the rate of 25%.
- Local corporate investors are subject to the existing tax treatment and tax rates (corporate tax rate is 25% for year 2009).

B13 DISTRIBUTION PER UNIT - PROVISIONAL

| | Current Quarter Ended 31.12.2008 RM | Year To Date ended 31.12.2008 RM | Year To Date ended 31.12.2007 RM |
|-----------------------------------|--|---|---|
| Provision for income distribution | 7,523,221 | 24,668,655 | 20,945,705 |
| Number of units issued | 245,948,700 | 245,948,700 | 245,948,700 |
| Basic earnings per unit (sen) | 2.90 | 10.24 | 8.63 |
| Distribution per unit (DPU) (sen) | 3.06 | 10.03 | 8.52 |
| Diluted earnings per unit (sen) | N/A | N/A | N/A |

B14 PUBLIC SHAREHOLDING SPREAD

As at 31 December 2008, the Trust has complied with paragraph 8.15 (1) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad, which require at least 25% of the total units of UOA-REIT to be held by at least 1,000 public unitholders holding not less than 100 units each ("Public Shareholding Spread").

The Public Shareholding Spread based on the latest Record of Depositors of UOA-REIT as at 31 December 2008 stood at 29.49% with 1,007 public unitholders holding not less than 100 units each.

B15 EARNINGS PER UNIT

(a) Basic

Basic earnings per unit amount 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 | |
|---|-----------------|-------------|--------------|--------------|
| | 31.12.2008 | 31.12.2007 | 31.12.2008 | 31.12.2007 |
| | RM | RM | RM | RM |
| Income after taxation | 7,127,333 | 15,747,205 | 25,184,282 | 99,986,876 |
| Weighted average number of units in issue | 245,948,700 | 245,948,700 | 245,948,700 | 245,948,700 |
| Basic earnings per unit (after manager's fee and before adjustment in fair value) (sen) | <u>2.90</u> | <u>2.19</u> | <u>10.24</u> | <u>8.63</u> |
| Basic earnings per unit (after manager's fee and after adjustment in fair value) (sen) | <u>2.90</u> | <u>6.40</u> | <u>10.24</u> | <u>40.65</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
15 January 2009