

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014 (UNAUDITED)

	As at 30.09.2014 RM	As at 31.12.2013 RM
INVESTMENTS		
Real estate properties	1,062,344,557	1,061,429,340
PLANT & EQUIPMENT	52,015	57,324
OTHER ASSETS		
Trade receivables	1,105,897	1,078,624
Other receivables	4,857,503	3,289,825
Cash and bank balances	1,777,536	1,175,216
	<u>7,740,936</u>	<u>5,543,665</u>
TOTAL ASSETS	1,070,137,508	1,067,030,329
LIABILITIES		
Payables	3,516,124	3,891,604
Rental deposits	24,377,473	24,532,692
Amount due to Manager	362,108	359,008
Borrowings	391,900,000	377,700,000
Deferred tax liability	4,794,519	4,794,519
Provision for income distribution	10,363,593	22,792,789
TOTAL LIABILITIES	<u>435,313,817</u>	<u>434,070,612</u>
NET ASSET VALUE	<u>634,823,691</u>	<u>632,959,717</u>
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	158,761,530	156,897,556
	<u>634,823,691</u>	<u>632,959,717</u>
NET ASSET VALUE PER UNIT	1.5012	1.4968
NUMBER OF UNITS IN CIRCULATION	422,871,776	422,871,776

The condensed statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2014 RM	30.09.2013 RM	30.09.2014 RM	30.09.2013 RM
TOTAL INCOME				
Gross rental	21,965,335	21,564,299	66,007,992	64,611,775
Property operating expenses	(5,678,547)	(5,182,983)	(16,181,067)	(14,790,919)
Net rental income	16,286,788	16,381,316	49,826,925	49,820,856
Interest income	5,686	7,678	21,077	20,468
Other income	34,786	46,043	155,943	173,037
	16,327,260	16,435,037	50,003,945	50,014,361
TOTAL EXPENDITURE				
Manager's fees	(1,069,606)	(1,071,161)	(3,206,887)	(3,210,638)
Trustee's fees	(47,893)	(47,962)	(143,592)	(143,760)
Borrowing costs	(4,114,726)	(3,871,609)	(11,846,928)	(11,519,535)
Auditors' remuneration	(11,750)	(8,500)	(35,250)	(32,000)
Tax agent's fees	(4,000)	(3,500)	(11,000)	(10,500)
Valuation fees (Note 1)	-	-	-	20,000
Administrative expenses	(140,213)	(109,035)	(392,988)	(299,807)
	(5,388,188)	(5,111,767)	(15,636,645)	(15,196,240)
Net changes on financial liabilities measured at amortised cost (Note 2)	(140,430)	(128,390)	145,610	597,660
INCOME BEFORE TAX	10,798,642	11,194,880	34,512,910	35,415,781
TAX EXPENSE	-	-	-	-
INCOME AFTER TAX	10,798,642	11,194,880	34,512,910	35,415,781
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	10,798,642	11,194,880	34,512,910	35,415,781
INCOME DISTRIBUTION				
- Distributed income	-	-	(22,285,343)	(22,327,630)
- Provision for distribution	(10,363,593)	(10,749,585)	(10,363,593)	(10,749,585)
NET INCOME RETAINED	435,049	445,295	1,863,974	2,338,566
INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:				
- Realised	10,939,072	11,323,270	34,367,300	34,818,121
- Unrealised	(140,430)	(128,390)	145,610	597,660
EARNINGS PER UNIT				
- After manager's fees (sen)	2.55	2.65	8.16	8.38
- Before manager's fees (sen)	2.81	2.90	8.92	9.13

The condensed statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

Note 1:

The figure in the previous year represents overaccrual for valuation fees in relation to the revaluation exercise on the investment properties of UOA REIT.

Note 2:

This represents changes on financial liabilities measured at amortised cost pursuant to MFRS 139 Financial Instruments: Recognition and Measurement.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income Realised RM	Unrealised RM	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
Balance at 1 January	476,062,161	19,398,202	137,499,354	632,959,717	633,305,577
Total comprehensive income for the period	-	34,367,300	145,610	34,512,910	35,415,781
Distribution to unitholders	-	(32,648,936)	-	(32,648,936)	(33,077,215)
Balance at 30 September	<u>476,062,161</u>	<u>21,116,566</u>	<u>137,644,964</u>	<u>634,823,691</u>	<u>635,644,143</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (UNAUDITED)

	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	34,512,910	35,415,781
Adjustment for:		
Interest income	(21,077)	(20,468)
Interest expense	11,846,928	11,519,535
Depreciation	7,708	7,471
Property, plant and equipment written off	-	657
Net changes on financial liabilities measured at amortised cost	(145,610)	(597,660)
Bad and doubtful debts	133,961	256,843
Operating profit before changes in working capital	46,334,820	46,582,159
Net changes in receivables	(1,728,912)	(983,403)
Net changes in payables	(517,142)	1,247,284
Net cash generated from operating activities	44,088,766	46,846,040
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	21,077	20,468
Purchase of plant and equipment	(2,400)	(7,541)
Enhancements to investment properties	(915,217)	(2,166,417)
Net cash used in investing activities	(896,540)	(2,153,490)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(11,711,774)	(11,531,947)
Distribution to unitholders	(45,078,132)	(43,259,783)
Net drawdown of borrowings	14,200,000	10,250,000
Net cash used in financing activities	(42,589,906)	(44,541,730)
NET INCREASE IN CASH AND CASH EQUIVALENTS	602,320	150,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,175,216	1,664,884
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,777,536	1,815,704
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	-	600,000
Cash and bank balances	1,777,536	1,215,704
	1,777,536	1,815,704

The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES TO THE QUARTERLY REPORT AS AT 30 SEPTEMBER 2014 (UNAUDITED)

A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.44 of the Main Market 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 2013. 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 UOA Real Estate Investment Trust ("UOA REIT" or the "Trust") since the year ended 31 December 2013.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements of UOA REIT for the year ended 31 December 2013.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

A4 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 to be disclosed 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.

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

The Trust had on 29 August 2014, paid an interim income distribution of 5.27 sen per unit amounting to RM22,285,343 for the six (6) months ended 30 June 2014.

No income distribution was declared for the quarter under review but provision was made to distribute 95% of the distributable income for the quarter ended 30 September 2014 to be distributed by end of February 2015 as described under Section B17, Income Distribution.

A9 SEGMENTAL REPORTING

No segmental information was prepared as the Trust's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A10 VALUATION OF INVESTMENT PROPERTIES

The value of the investment properties brought forward from the financial statements for the financial year ended 31 December 2013 have not been revalued for the current quarter under review.

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 422,871,776 units.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

B EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.44 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

For the quarter ended 30 September 2014, the Trust registered a total income of RM22,005,807 inclusive of interest income and other income of RM5,686 and RM34,786 respectively. Total expenditure for the quarter under review amounted to RM11,066,735 with RM5,678,547 attributable to property operating expenses and RM5,388,188 attributable to non-property operating expenses. Income before tax available for distribution for the quarter under review was RM10,939,072. Taking into consideration a 95% distribution, the Trust has set aside RM10,363,593 as provision for distribution.

Against the nine (9) months ended 30 September 2013, gross rental has improved by 2% due to revision in rental rates and steady occupancy rates of the investment properties. Meanwhile, total expenditure has increased by 6% mainly due to increase in property operating expenses and borrowing costs.

Realised income before tax for the nine (9) months ended 30 September 2014 has reduced by 1%, mainly due to increase in expenses. Realised earnings per unit has reduced by 0.10 sen against the preceding year's corresponding period, from 8.23 sen to 8.13 sen.

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

The occupancy and rental rates for the assets in the portfolio are expected to remain stable with no major changes anticipated for the remaining quarter of the financial year though efforts to improve the occupancy and rental rates will continue.

The Manager will continue to adopt an active operating and capital management strategy to enhance the yields and returns of the existing properties while continuing to seek opportunities to further acquire real estate that meets 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 UTILISATION OF PROCEEDS RAISED FROM ISSUANCE OF NEW UNITS

There were no issuance of new units during the quarter under review.

B6 SOFT COMMISSION

During the quarter under review, the Manager did not receive any soft commission from its broker, by virtue of transactions conducted by the Trust.

B7 COMPOSITION OF INVESTMENT PORTFOLIO

As at 30 September 2014, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 30.09.2014 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	79,006,396	12.45
- UOA II parcels	194,502,300	261,980,216	41.27
- UOA Damansara parcels	72,000,000	108,826,122	17.14
- UOA Pantai	86,000,000	94,400,000	14.87
- UOA Damansara II	211,000,000	222,091,113	34.98
- Parcel B - Menara UOA Bangsar	289,000,000	296,040,710	46.63
	<u>908,483,572</u>	<u>1,062,344,557</u>	

There was no change to the total number of properties held by the Trust since the last reporting period.

B8 BORROWINGS AND DEBT SECURITIES

	As at 30.09.2014 RM	As at 31.12.2013 RM
Revolving credit		
- Secured	<u>391,900,000</u>	<u>377,700,000</u>

B9 INCOME RECOGNITION

- Rental income is recognised on an accrual basis over the specific tenures of the respective leases.
- Interest income is recognised on a time proportion basis.

B10 MANAGER'S FEES

Pursuant to the Trust Deed constituting UOA REIT, the Manager is entitled to a fee of up to 1.00% per annum of the Net Asset Value of the Trust ("NAV"), calculated on a monthly accrual basis and payable monthly in arrears.

The manager's fees for the nine (9) months ended 30 September 2014 was calculated based on 0.67% per annum of the NAV.

B11 TRUSTEE'S FEES

Pursuant to the Trust Deed constituting UOA REIT, the Trustee is entitled to a fee of up to 0.05% per annum of the NAV, calculated on a monthly accrual basis and payable monthly in arrears.

The trustee's fees for the nine (9) months ended 30 September 2014 was calculated based on 0.03% per annum of the NAV.

B12 INCOME BEFORE TAX

Income before tax is stated after charging/(crediting):

	Current Quarter 30.09.2014 RM	Preceding Corresponding Quarter 30.09.2013 RM	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
Depreciation	2,614	2,521	7,708	7,471
Bad and doubtful debts	17,441	134,202	133,961	256,843
(Gain)/loss on disposal			-	-
- quoted investments	-	-	-	-
- unquoted investments	-	-	-	-
- properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	-	-	-	-
Exceptional items	-	-	-	-

The following items are not applicable to the Trust:

- Gain or loss on derivatives; and
- Provision for and write off of inventories.

B13 TAX EXPENSE

A reconciliation of income tax expense applicable to realised 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 30.09.2014 RM	Preceding Corresponding Quarter 30.09.2013 RM	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
Realised income before tax	10,939,072	11,323,270	34,367,300	34,818,121
Taxation at statutory rate of 25%	2,734,768	2,830,818	8,591,825	8,704,530
Tax effects arising from				
- non-deductible expenses	(28,494)	80,832	11,542	172,783
- income exempted from tax*	(2,219,168)	(2,407,523)	(7,142,651)	(7,364,932)
Utilisation of capital allowances	(487,106)	(504,127)	(1,460,716)	(1,512,381)
Tax expense for the quarter/period	-	-	-	-

* Pursuant to the amendment of Section 61A of the Income Tax Act, 1967 under the Finance Act, 2006 which was gazetted on 31 December 2006, where in the basis period for a year of assessment, 90% or more of the total income of the trust is distributed to its unitholders, the total income of the trust for that year of assessment shall be exempted from tax.

As UOA REIT intends to distribute at least 90% of its total income to its unitholders for the year ending 31 December 2014, no provision for income tax has been made for the current quarter.

B14 UNITHOLDINGS BY THE MANAGER AND PARTIES RELATED TO THE MANAGER

As at 30 September 2014, the Manager did not hold any units in the Trust.

Direct holdings unless otherwise indicated	No. of units	Percentage of units in issue %	Market value as at 30.09.2014 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.02	145,000
- Dato' Gan Boon Khuay	100,000	0.02	145,000
- Kung Beng Hong	100,000	0.02	145,000
- Kong Sze Choon	39,000	0.01	56,550
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	148,279,230
- Wisma UOA Sdn Bhd	77,729,000	18.38	112,707,050
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	108,259,230
- Damai Positif Sdn Bhd	48,000,000	11.35	69,600,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	22,423,525
- LTG Development Sdn Bhd	5,600,700	1.32	8,121,015
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong Chong Soon @ Chi Suim	362,000	0.09	524,900
- Kong May Chee	15,900	0.00	23,055
- Kong Ai Chee	13,500	0.00	19,575
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.01	34,800
Person related to the Manager via relationship with a Director of the Manager (indirect interest):			
- Kong Chong Soon @ Chi Suim**	323,717,276	76.55	469,390,050

* Deemed interest through his shareholding in Global Transact Sdn Bhd.

** Deemed interest through his shareholdings in United Overseas Australia Limited (the ultimate holding company of Desa Bukit Pantai Sdn Bhd, Wisma UOA Sdn Bhd, Rich Accomplishment Sdn Bhd, Damai Positif Sdn Bhd, Dynasty Portfolio Sdn Bhd and LTG Development Sdn Bhd).

The market value of the units held by unitholders related to the Manager is determined by using the closing market value of RM1.45 as at 30 September 2014.

B15 MATERIAL LITIGATION

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

B16 STATUS OF CORPORATE PROPOSAL

Following the issuance and listing of consideration units in relation to the acquisition of Parcel B - Menara UOA Bangsar and Wisma UOA Damansara II on 22 February 2011, UOA REIT was not able to comply with the public unitholding spread requirement pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Bursa Securities via its letter dated 29 March 2013 has granted UOA REIT a further extension of time until 22 August 2013 to comply with the required public unitholding spread. In the same letter, it is also mentioned that UOA REIT is to ensure that items 3.4(a) and 3.4(b) of Practice Note 19/2006 are fully complied with. On 31 July 2013, UOA Asset Management Sdn Bhd, being the management company of UOA REIT (the "Manager") had written to Bursa Securities for an extension of time for a further six months. Subsequently, the Manager had via its letter dated 20 September 2013 applied to Bursa Securities for their approval for a lower public unitholding spread ("Application"). The Application is currently pending Bursa Securities' approval.

B17 INCOME DISTRIBUTION

A provision was made to distribute RM10,363,593 as income distribution for the quarter ended 30 September 2014. This translates into approximately 2.45 sen per unit and includes a non-taxable portion of approximately 0.47 sen per unit (representing 19% of the gross distribution) deriving mainly from utilisation of capital allowances.

Pursuant to the amendment to Section 6(1)(i) of the Income Tax Act, 1967 under the Finance Act, 2012 which was gazetted on 9 February 2012, the following withholding tax rates as stipulated in Part X, Schedule 1 of the Income Tax Act, 1967 would be applicable in respect of distribution of income by the Trust to its unitholders:

Resident unitholder:

- Resident company	No withholding tax, tax at prevailing corporate rate
- Unitholder other than a resident company	Withholding tax at 10%

Non-resident unitholder:

- Non - resident company	Withholding tax at 25%
- Non - resident institutional investor	Withholding tax at 10%
- Non - resident other than company and institutional investor	Withholding tax at 10%

The distribution to the unitholders is from the following sources:

	Current Quarter 30.09.2014 RM	Preceding Corresponding Quarter 30.09.2013 RM	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
Sources of income				
Gross rental	21,965,335	21,564,299	66,007,992	64,611,775
Interest income	5,686	7,678	21,077	20,468
Other income	34,786	46,043	155,943	173,037
	<u>22,005,807</u>	<u>21,618,020</u>	<u>66,185,012</u>	<u>64,805,280</u>
Expenses	<u>(11,066,735)</u>	<u>(10,294,750)</u>	<u>(31,817,712)</u>	<u>(29,987,159)</u>
Total income available for distribution	10,939,072	11,323,270	34,367,300	34,818,121
Undistributed income	(575,479)	(573,685)	(1,718,364)	(1,740,906)
Distribution to unitholders	<u>10,363,593</u>	<u>10,749,585</u>	<u>32,648,936</u>	<u>33,077,215</u>
Distribution per unit (sen)	<u>2.45</u>	<u>2.54</u>	<u>7.72</u>	<u>7.82</u>

B18 EARNINGS PER UNIT

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

	Current Quarter 30.09.2014 RM	Preceding Corresponding Quarter 30.09.2013 RM	Current Year To Date 30.09.2014 RM	Preceding Year To Date 30.09.2013 RM
Income after tax	10,798,642	11,194,880	34,512,910	35,415,781
Weighted average number of units in issue	422,871,776	422,871,776	422,871,776	422,871,776
Basic earnings per unit (after managers' fee) (sen)	<u>2.55</u>	<u>2.65</u>	<u>8.16</u>	<u>8.38</u>

B19 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 MFRS 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 UOA REIT as at 30 September 2014 and of its financial performance and cash flows for the quarter/period ended on that date and duly authorised for release by the Board of Directors of the Manager on 20 November 2014.

BY ORDER OF THE BOARD

YAP KAI WENG
Company Secretary
UOA ASSET MANAGEMENT SDN BHD (Company No. 692639-U)
(As the Manager of UOA REAL ESTATE INVESTMENT TRUST)

Kuala Lumpur
20 NOVEMBER 2014