

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 (UNAUDITED)

	As at 31.12.2015 RM	As at 31.12.2014 RM
INVESTMENTS		
Real estate properties	1,127,000,000	1,062,508,466
PLANT & EQUIPMENT	70,058	51,909
OTHER ASSETS		
Trade receivables	1,736,900	841,676
Other receivables	3,629,306	3,610,949
Deposits with licensed financial institution	1,400,000	2,350,000
Cash and bank balances	1,511,627	1,685,612
	8,277,833	8,488,237
TOTAL ASSETS	1,135,347,891	1,071,048,612
LIABILITIES		
Payables	3,820,467	3,426,641
Rental deposits	24,827,860	24,968,984
Amount due to Manager	441,068	365,878
Borrowings	378,300,000	379,300,000
Deferred tax liability	4,577,802	3,196,346
Provision for income distribution	24,103,691	24,230,553
TOTAL LIABILITIES	436,070,888	435,488,402
NET ASSET VALUE	699,277,003	635,560,210
FINANCED BY:		
UNITHOLDERS' FUND		
Unitholders' capital	476,062,161	476,062,161
Undistributed income	223,214,842	159,498,049
	699,277,003	635,560,210
NET ASSET VALUE PER UNIT	1.6536	1.5030
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 2014 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 YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2015 RM	31.12.2014 RM	31.12.2015 RM	31.12.2014 RM
TOTAL INCOME				
Gross rental	22,885,647	23,970,018	91,631,673	89,978,010
Property operating expenses	(5,549,757)	(5,608,676)	(22,575,390)	(21,789,743)
Net rental income	17,335,890	18,361,342	69,056,283	68,188,267
Interest income	9,628	8,794	40,565	29,872
Other income	170,699	222,799	263,039	378,742
	17,516,217	18,592,935	69,359,887	68,596,881
TOTAL EXPENDITURE				
Manager's fees	(1,110,359)	(1,072,481)	(4,328,859)	(4,279,368)
Trustee's fees	(49,718)	(48,022)	(193,830)	(191,614)
Borrowing costs	(4,201,456)	(4,276,493)	(16,612,542)	(16,123,421)
Auditors' remuneration	(13,250)	(11,750)	(48,500)	(47,000)
Tax agent's fees	(2,750)	(3,000)	(14,000)	(14,000)
Valuation fees	(178,679)	(27,625)	(178,679)	(27,625)
Administrative expenses	(82,347)	(76,613)	(463,933)	(469,603)
	(5,638,559)	(5,515,984)	(21,840,343)	(21,152,631)
Fair value adjustment on investment properties	64,129,226	-	64,129,226	-
Net changes on financial liabilities measured at amortised cost (Note 1)	(83,762)	(71,645)	49,948	73,965
INCOME BEFORE TAX	75,923,122	13,005,306	111,698,718	47,518,215
TAX (EXPENSE)/INCOME (Note 2)	(1,381,456)	1,598,173	(1,381,456)	1,598,173
INCOME AFTER TAX	74,541,666	14,603,479	110,317,262	49,116,388
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	74,541,666	14,603,479	110,317,262	49,116,388
INCOME DISTRIBUTION				
- Distributed income	-	-	(22,496,778)	(22,285,342)
- Provision for distribution	(12,740,677)	(13,866,960)	(24,103,691)	(24,230,553)
NET INCOME RETAINED	61,800,989	736,519	63,716,793	2,600,493
INCOME BEFORE TAX IS ANALYSED AS FOLLOWS:				
- Realised	11,877,658	13,076,951	47,519,544	47,444,250
- Unrealised	64,045,464	(71,645)	64,179,174	73,965
EARNINGS PER UNIT				
- After manager's fees (sen)	17.63	3.45	26.09	11.61
- Before manager's fees (sen)	17.89	3.71	27.11	12.63

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

Note 1:

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

Note 2:

This represents deferred tax liability for Real Property Gains Tax for UOA REIT's investment properties.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CHANGES IN NET ASSET VALUE
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

	Attributable to Unitholders' Funds			Total Unitholders' Funds	
	Unitholders' Capital RM	Distributable Undistributed Income		Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
		Realised RM	Unrealised RM		
Balance at 1 January	476,062,161	20,326,557	139,171,492	635,560,210	632,959,717
Total comprehensive income for the year	-	47,519,544	62,797,718	110,317,262	49,116,388
Distribution to unitholders	-	(46,600,469)	-	(46,600,469)	(46,515,895)
Balance at 31 December	<u>476,062,161</u>	<u>21,245,632</u>	<u>201,969,210</u>	<u>699,277,003</u>	<u>635,560,210</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST
CONDENSED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015 (UNAUDITED)

	Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Income before tax	111,698,718	47,518,215
Adjustment for:		
Interest income	(40,565)	(29,872)
Interest expense	16,612,542	16,123,421
Depreciation	13,154	10,395
Plant and equipment written off	417	-
Fair value adjustment on investment properties	(64,129,226)	-
Net changes on financial liabilities measured at amortised cost	(49,948)	(73,965)
Bad and doubtful debts	(17,590)	141,221
Operating profit before changes in working capital	64,087,502	63,689,415
Net changes in receivables	(895,991)	(225,397)
Net changes in payables	273,373	(107,380)
Net cash generated from operating activities	63,464,884	63,356,638
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	40,565	29,872
Purchase of plant and equipment	(31,720)	(4,980)
Enhancements to investment properties	(362,308)	(1,079,126)
Net cash used in investing activities	(353,463)	(1,054,234)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(16,508,075)	(15,963,877)
Distribution to unitholders	(46,727,331)	(45,078,131)
Net (repayment)/drawdown of borrowings	(1,000,000)	1,600,000
Net cash used in financing activities	(64,235,406)	(59,442,008)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,123,985)	2,860,396
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,035,612	1,175,216
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,911,627	4,035,612
Cash and cash equivalents at end of period comprises:		
Deposits with licensed financial institution	1,400,000	2,350,000
Cash and bank balances	1,511,627	1,685,612
	2,911,627	4,035,612

The condensed statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

UOA REAL ESTATE INVESTMENT TRUST

EXPLANATORY NOTES TO THE QUARTERLY REPORT AS AT 31 DECEMBER 2015 (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 2014. 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 2014.

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 2014.

A3 QUALIFIED AUDIT REPORT

The auditors' report on the financial statements for the year ended 31 December 2014 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

There was no income distribution paid during the quarter under review but a provision was made to distribute 98% of the realised income before tax (unaudited) for the second half year ended 31 December 2015, to be distributed by end of February 2016 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

During the quarter under review, a revaluation exercise was undertaken for the investment properties of the Trust pursuant to Clause 10.03 of the Securities Commission's Guidelines on Real Estate Investment Trusts. The revaluation exercise resulted in an aggregate revaluation surplus of RM64,129,226. The revaluation surplus has been incorporated into the financial statements of the Trust for the year ended 31 December 2015 as an unrealised gain.

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 31 December 2015, the Trust registered a total income of RM23,065,974 inclusive of interest income and other income of RM9,628 and RM170,699 respectively. Total expenditure amounted to RM11,188,316 with RM5,549,757 attributable to property operating expenses and RM5,638,559 attributable to non-property operating expenses.

As compared to the previous year, 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 3% mainly due to valuation fees and increases in property operating expenses and borrowing costs.

Realised income before tax increased slightly by 0.2%. Realised earnings per unit has increased by 0.02 sen against last year, from 11.22 sen to 11.24 sen.

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

The income before tax for the quarter under review of RM75,923,122 was higher as compared to the immediate preceding quarter of RM11,831,983 mainly due to the fair value adjustment on investment properties.

B3 PROSPECTS

The Manager will continue to gradually improve the occupancy and rental rates in an effort to enhance the returns. The effort to seek opportunities to further acquire real estate that meets the objectives of the Trust will continue.

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 COMPOSITION OF INVESTMENT PORTFOLIO

As at 31 December 2015, UOA REIT's composition of investment portfolio is as follows:

	Acquisition cost RM	Fair value as at 31.12.2015 RM	Percentage of fair value to Net Asset Value %
Real estate properties			
Commercial			
- UOA Centre parcels	55,981,272	85,000,000	12.16
- UOA II parcels	194,502,300	294,000,000	42.04
- UOA Damansara parcels	72,000,000	120,000,000	17.16
- UOA Pantai	86,000,000	95,000,000	13.59
- UOA Damansara II	211,000,000	233,000,000	33.32
- Parcel B - Menara UOA Bangsar	289,000,000	300,000,000	42.90
	<u>908,483,572</u>	<u>1,127,000,000</u>	
Others			
Deposits with licensed financial institutions		<u>1,400,000</u>	0.20

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

B7 BORROWINGS AND DEBT SECURITIES

	As at 31.12.2015 RM	As at 31.12.2014 RM
Revolving credit - Secured	378,300,000	379,300,000

B8 INCOME RECOGNITION

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

B9 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 NAV, calculated on a monthly accrual basis and payable monthly in arrears.

The manager's fees for the year ended 31 December 2015 was calculated based on 0.67% per annum of the NAV.

B10 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 year ended 31 December 2015 was calculated based on 0.03% per annum of the NAV.

B11 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.

B12 INCOME BEFORE TAX

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

	Current Quarter 31.12.2015 RM	Preceding Corresponding Quarter 31.12.2014 RM	Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
Depreciation	3,518	2,687	13,154	10,395
Bad and doubtful debts	20,030	7,260	(17,590)	141,220
(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:

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

B13 TAX EXPENSE

The breakdown of the tax components is as follows:

	Current Quarter 31.12.2015 RM RM	Preceding Corresponding Quarter 31.12.2014 RM RM	Current Year To Date 31.12.2015 RM RM	Preceding Year To Date 31.12.2014 RM RM
In respect of current period				
- income tax	-	-	-	-
- deferred Real Property Gains Tax ("RPGT")	1,381,456	(1,598,173)	1,381,456	(1,598,173)
Tax expense/(income) for the quarter/period	<u>1,381,456</u>	<u>(1,598,173)</u>	<u>1,381,456</u>	<u>(1,598,173)</u>

A reconciliation between the applicable income tax expense and the effective income tax expense of the Trust is as follows:

	Current Quarter 31.12.2015 RM	Preceding Corresponding Quarter 31.12.2014 RM	Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
Income before tax	<u>75,923,122</u>	<u>13,005,306</u>	<u>111,698,718</u>	<u>47,518,215</u>
Taxation at statutory rate of 25%	18,980,781	3,251,327	27,924,680	11,879,554
Tax effects arising from				
- non-deductible expenses	115,118	108,387	247,257	119,929
- non-taxable income	-	(114,854)	-	(114,854)
- income exempted from tax	(2,745,457)	(2,755,174)	(10,801,028)	(9,897,825)
- net changes on financial liabilities measured at amortised cost	20,941	17,911	(12,487)	(18,491)
Utilisation of capital allowances	(339,076)	(507,597)	(1,326,115)	(1,968,313)
Difference between income tax rate and RPGT rate applicable on fair value adjustment on investment properties	(14,650,851)	(1,598,173)	(14,650,851)	(1,598,173)
Tax expense for the quarter/period	<u>1,381,456</u>	<u>(1,598,173)</u>	<u>1,381,456</u>	<u>(1,598,173)</u>

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.

UOA REIT is expected to enjoy the tax exemption as it intends to distribute 98% of its total income to its unitholders for the year ended 31 December 2015. Therefore, 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 31 December 2015, 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 31.12.2015 RM
Directors of the Manager:			
- Alan Charles Winduss	100,000	0.02	160,000
- Dato' Gan Boon Khuay	100,000	0.02	160,000
- Kung Beng Hong	100,000	0.02	160,000
- Kong Sze Choon	39,000	0.01	62,400
Companies related to the Manager:			
- Desa Bukit Pantai Sdn Bhd	102,261,538	24.18	163,618,461
- Wisma UOA Sdn Bhd	77,729,000	18.38	124,366,400
- Rich Accomplishment Sdn Bhd	74,661,538	17.66	119,458,461
- Damai Positif Sdn Bhd	48,000,000	11.35	76,800,000
- Dynasty Portfolio Sdn Bhd	15,464,500	3.66	24,743,200
- LTG Development Sdn Bhd	5,600,700	1.32	8,961,120
Persons related to the Manager via relationship with a Director of the Manager:			
- Kong May Chee	15,900	0.00	25,440
- Kong Ai Chee	13,500	0.00	21,600
Director of the Manager (indirect interest):			
- Kong Sze Choon*	24,000	0.01	38,400
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	517,947,642

* 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 RM1.60 as at 31 December 2015.

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

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

B17 INCOME DISTRIBUTION

A provision was made to distribute RM24,103,691 as income distribution for the second half year ended 31 December 2015. This translates into approximately 5.70 sen per unit and includes a non-taxable portion of approximately 0.50 sen per unit (representing 9% of the gross distribution) deriving mainly from utilisation of capital allowances.

Pursuant to the amended Section 6(1)(i) of the Income Tax Act, 1967, the following withholding tax rates as stipulated in Part X, Schedule 1 of the Income Tax Act, 1967 will be deducted for distribution of income by the Trust to the following categories of unitholders:

	Withholding tax rate		
	2016	2015	2014
Resident corporate	Nil*	Nil*	Nil*
Resident non-corporate	10%	10%	10%
Non-resident individual	10%	10%	10%
Non-resident corporate	24%	25%	25%
Non-resident institutional	10%	10%	10%

* No withholding tax; to tax at prevailing tax rate

The distribution to the unitholders is from the following sources:

	Current Quarter 31.12.2015 RM	Preceding Corresponding Quarter 31.12.2014 RM	Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
Sources of income				
Gross rental	22,885,647	23,970,018	91,631,673	89,978,010
Interest income	9,628	8,794	40,565	29,872
Other income	170,699	222,799	263,039	378,742
	<u>23,065,974</u>	<u>24,201,611</u>	<u>91,935,277</u>	<u>90,386,624</u>
Expenses	<u>(11,188,316)</u>	<u>(11,124,660)</u>	<u>(44,415,733)</u>	<u>(42,942,374)</u>
Total income available for distribution	11,877,658	13,076,951	47,519,544	47,444,250
Net loss/(Undistributed income)	863,019	790,009	(919,075)	(928,355)
Distribution to unitholders	<u>12,740,677</u>	<u>13,866,960</u>	<u>46,600,469</u>	<u>46,515,895</u>
Distribution per unit (sen)	<u>3.01</u>	<u>3.28</u>	<u>11.02</u>	<u>11.00</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 31.12.2015 RM	Preceding Corresponding Quarter 31.12.2014 RM	Current Year To Date 31.12.2015 RM	Preceding Year To Date 31.12.2014 RM
Income after tax	74,541,666	14,603,479	110,317,262	49,116,388
Weighted average number of units in issue	422,871,776	422,871,776	422,871,776	422,871,776
Basic earnings per unit (after manager's fee) (sen)	<u>17.63</u>	<u>3.45</u>	<u>26.09</u>	<u>11.61</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 31 December 2015 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 January 2016.

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 JANUARY 2016